

On the Financing of Iowa's Area Education Agencies

Reflections on the "Flow Through" Method Used to Provide State Aid to the Network



Iowa Area
Education Agencies
PARTNERS IN EDUCATION

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Executive Summary

The objective of the following report is to add to the debate on the merits of the "flow-through" concept of financing Iowa's Area Education Agencies by offering conjectures on the potential consequences of diverting these funds directly to the states' accredited school districts and nonpublic schools. These conjectures come from the following perspectives: the likely impact on different enrollment size accredited school districts, the impact on Iowa's accredited nonpublic schools, the potential effect on Iowa's Area Education Agencies as an institution, the potential ramifications for Iowa's Department of Education, and the potential consequences for the capacity of Iowa's infrastructure to provide all children the best educational opportunities in the most effective and efficient manner possible. Following are the conjectures supported by the facts in this report:

- Conjecture #1 Most districts with enrollment of less than 2,500 would have great difficulty in replacing the level of support services and technical assistance they currently receive from their respective AEAs. Approximately 90% of the districts in Iowa who enroll approximately 50% of the total student population would be included in this category.
- Conjecture #2 The options available to districts, who would be required to maintain these services, are limited; the few options available would likely require an added cost for those districts, as they would lose the efficiencies of the current system.
- Conjecture #3 The effect on Iowa's accredited nonpublic schools would be similar to the effect on the state's public schools – limited options that require an added cost, with the additional burden that they have no taxing authority to generate funds to support their efforts.
- Conjecture #4 The collective intellectual capital of Iowa's Area Education Agencies, its shared competencies and skill sets, would be severely lessened, greatly diminishing opportunities for innovation, and handicap current AEA state-wide initiatives that already exist in the state.
- Conjecture #5 Iowa's Department of Education would continue to be charged with state and federal mandates, but would not have the capacity of a regional system to provide support and technical assistance to local districts to help meet those mandates. No option available to them to do this would be as efficient and effective as the current AEA State System that is already in place.
- Conjecture #6 Long-held state goals for education, such as having an equitable, efficient, and effective state system for all of Iowa's children, would be undermined.



Introduction

Questions concerning the continuation of the state's method of funding, and other aspects of the work of Iowa's Area Education Agencies, seemingly surface with regularity in the deliberations of the General Assembly and in other state and local policy circles. This has been true over much of the approximately 35-year history of the network. During this time, for example:

- in 1989, the General Assembly directed the State Board of Education to conduct a feasibility study of what the network would look like if the number of AEAs were reduced from fifteen to no more than twelve or no fewer than four (HF 2549).
- in 1995, legislation was enacted that established a relatively comprehensive AEA accreditation system (Iowa Code 273.10) and standards (Iowa Code 273.11). The combination of these two initiatives was the first state action of all states across the country operating a state network of organizations having a mission comparable to the AEA network.
- in 2001, another General Assembly directive to the State Board of Education to reduce the number of AEAs (Iowa Code 273.21). The plan developed called for the merger of any AEA having an enrollment base of less than 30,000.
- in 2010, the General Assembly directed the State Board of Education to convene an AEA Task Force to examine and report on the mission, structure, governance, and funding of the network (HF 2295).

Moreover, in 1998, Iowa's Area Education Agencies voluntarily sponsored a third party assessment of its work. The study covered a range of system features (e.g., mission, governance, programming, staffing, finance). It also completed the first generation of a statewide customer satisfaction survey (Stephens, E.R. & Good, K., *The Iowa AEA System Evaluation*, North Central Regional Educational Laboratory).



Iowa Area Education Agencies

By 2010, five mergers were completed, thus reducing the number of AEAs from fifteen to the present nine (in 2003, AEA 5 and 3, the new Prairie Lakes AEA; also in 2003, AEAs 2, 6 and 7, the new AEA 267; in 2006, AEA 4 and 12, the new Northwest AEA; in 2007, AEAs 15 and 16, the new Great Prairie AEA; and in 2010, AEAs 13 and 14 became the new Green Hills AEA). All five mergers were the result of the actions taken by the governing boards of the respective agencies, working under guidelines developed by the State Department of Education.

While the ideal number of AEAs in the State System has over time been of interest to the General Assembly, the method of funding the agencies, the so-called "flow-through" concept, has probably engaged most of the attention of not just state level policy makers, but those at the local level as well. This is one of the principle reasons why the focus of this draft statement is on the funding of Iowa's Area Education Agencies, and a beginning assessment of one policy option, the redirection of AEA funds to local entities.





Objective of This Document:

Clarify the debate on the merits of “flow-through” financing for Iowa’s Area Education Agencies. This paper offers assumptions on the potential consequences of diverting these funds directly to the states’ accredited school districts and nonpublic schools.¹

There are other policy options available to the state policy community that are not, in a direct way, addressed here. AEA funds, for example, could be redirected to the Department of Education (DE). The DE in turn could choose to offer a similar or comparable basic, core menu of support services and technical assistance to accredited districts and nonpublic schools. Or, the DE might choose to contract with independent third-party(ies) for the development, production, delivery, or evaluation of a service or program. Although not specifically addressed in this report, the potential consequences of this and other policy options are

discussed in another section of this report.

Organization of This Document

The remainder of this document is organized into the following six sections:

- A review of the original intent of the General Assembly in creating Iowa’s Area Education Agencies.
- A synopsis of how the state provides financial support for the work of the network.
- An overview of how the network has implemented its state mandate.
- A series of relatively straightforward tables used to establish estimates of what the transfer of AEA funds to accredited districts and nonpublic schools would mean for these entities.
- Potential consequences of what such a major change in state policy would mean for not just accredited districts and nonpublic schools, but for the AEAs and the state as well.
- A proposed series of small steps that should be taken to generate additional data needed by all stakeholders if informed state policy decisions are to be made concerning the future of Iowa’s Area Education Agencies.

Potential Uses of This Statement

There are a number of benefits to concentrating the energy of the AEA community on producing a tight, policy relevant piece on the issue of the “flow through” method of funding Iowa’s Area Education Agencies. The issue is likely to surface again and again in the future, due in part to the normal turn-over in state

policy communities, and the employment of (especially) superintendents of schools having no prior experience in the state. Difficult state and local budget issues also seemingly intensify interest in the continued merits of this long-standing state commitment.

Nonetheless, and despite the high-probability that the “flow-through” practice will resurface over time, there are advantages at this time of addressing this issue. One of the most important of these is the value of providing the AEA State Director a solid set of arguments for his use in pre-legislative and other sessions with key members of the state policy communities. These conversations could focus on the potential costs of changes in how the AEA is funded (as well as serve as a reminder of the foresight of earlier General Assemblies in creating and supporting Iowa’s Area Education Agencies in the first place).

Additionally, once the issue of the funding system for the AEAs is resolved, even momentarily, one would expect that the climate would be more favorable to consider the urgent need to consider how best to improve Iowa’s Area Education Agencies, in order for it to play an even more important role. It could be argued that the need for a strengthened AEA State System is even more compelling today than was true three decades ago.

Moreover, individual AEAs would be in a position to use the final version of the narrative, and then add the results of the calculations for each school district and nonpublic school in conversations with the governing boards and staff of each entity in their service region. This step would also go a long way in promoting a more objective discussion of the issue.

¹Note: Though not identified as an objective for this exercise, the method of computing the estimated amount that would be involved in such a transfer does begin to establish one of the important building blocks for the design of much more sophisticated and badly needed statewide cost efficiency and cost-savings studies of the economic and educational impact of the work of the AEA network.

Intent of the General Assembly for Creating Iowa's Area Education Agencies

The General Assembly's intent in enacting legislation in 1974 that created the network was quite clear. Revisiting key features of the hoped-for results the General Assembly envisioned some three-plus decades ago can be instructive in today's conversations concerning Iowa's Area Education Agencies: It was the intent of the General Assembly that the network was to provide the following:

- An effective, efficient, and economical means of identifying and serving children from under five years of age through grades twelve who require special education (later expanded to those under twenty-one years) (Iowa Code 256B.2).
- Media services and other programs and services for pupils in grades kindergarten through grade 12.
- Services to school districts pursuant to contracts with the districts (Iowa Code 273.1).
- The General Assembly's action thus codified the state's commitment to the goals that:

- Special education services and programs were to be offered statewide;
- Media services and programs were to be offered statewide; and
- Other services and programs requested by school districts served by an AEA.

Moreover, and importantly, the legislature also insisted that:

A method of state funding to support special education and media and other services was to be developed (Iowa Code 273.1).

Over the years, the state has not wavered from its original commitment to charge Iowa's Area Education Agencies responsibility to provide, statewide, both special education and media and other services, and has continued its original pledge to provide financial support. Expansion of the original network mission has also occurred since the

mid-1970's. One of the most notable, perhaps, is the mandate that:

Each AEA must provide accredited nonpublic schools in its region services and programs that are comparable to those provided accredited school districts, subject to constitutional restrictions. (Iowa Code 256.11).

The standards that now govern AEA programming that are discussed below, also expanded the mission of the AEA's. The AEA's are also authorized to provide other services to accredited school districts if requested by at least 60 percent of the school district boards of education, or by governing boards representing 60 percent of the total enrollment of the AEA, subject to available funding (Iowa Code 273.7).



Synopsis of How Iowa's AEAs Receive State Aid

The method used to provide state aid to AEAs is referred to as a "flow through" concept. That is, AEA funding is controlled by legislatively determined amounts of property tax dollars and state funds that literally "flow through" local school district budgets to the AEA. The rationale behind the concept is based on the fact that the AEAs have no direct taxing authority.

AEA funding is included in a school district budget. However, the school district does not receive AEA-related state aid funding. Rather, funds generated by a school district through the operation of the state school aid formula are set aside for the AEA and then subtracted by the state from what a district would receive from the state and passed through to an AEA (Area Education Agencies, [Legislation Guide](#), Legislative Services Agency, September, 2009, pgs. 10-11).

AEA funding is of three types or categories:

- The mandated special education services and programs.
- The mandated media services and programs.

- The permissive educational or other services and programs.

The calculations used to determine state aid are the same as those used for establishing regular program state and school district costs per pupil called for in the state's school finance formula. Each of the three categories in each AEA calculates a separate cost per pupil by dividing the total amount funded by the number of students enrolled in its catchments area. The end result is that:

- For special education ... the actual public school K-12 headcount, plus additional weighted enrollment.
- For media ... the actual public school K-12 headcount, plus the number of nonpublic school enrollment.
- For educational services ... the actual public school K-12 headcount, plus the number of nonpublic school enrollment ([Legislation Guide](#), pgs 10-11).

AEA State Aid, FY 12

State aid per pupil in the three service categories for FY 12 are as follows (all

figures shown here are calculations made prior to the 2011 prorata reductions imposed on virtually all state funding practices).

Special education services

- Varies among the nine agencies – low \$250.63, high \$272.89 per pupil (total \$142,077,239)

Media services

- Varies among the nine agencies – low \$47.96, high \$48.50 per pupil (total \$24,438,688)

Education services

- Varies among the nine agencies – low \$52.26, high \$54.46 per pupil (total \$27,017,032)

Other AEA Funding Sources

AEAs are also eligible to compete for both federal and state funds designed to promote a specific service or program initiative. Over the years some AEAs have augmented their fiscal resources in this way. Similarly, some agencies have been successful in receiving support from foundations engaged in an initiative targeting school age children and youth.



An Overview of How Iowa's AEAs Implement Their State Mandate

A summary of many of the major programming efforts that Iowa's Area Education Agencies is currently implementing in its mission, as defined by the General Assembly and established by Administrative Rule of the State Board of Education, is provided below.¹

Special Education Services and Programs

All nine AEAs offer a wide range of programming efforts in this mandated service category. All accredited school districts across the state are to receive appropriate support services and technical assistance for each student enrolled with a disability that is defined in federal and state guidelines. These efforts include: the identification and evaluation of children and youth requiring one or more services; the services of a range of specialists (e.g., speech pathology, hearing, physical therapy); assistance in providing a student an appropriate educational experience; and, in some cases, contracting with a local district to provide instruction.

Media Services and Programs

All nine agencies offer a range of programming in this required media service category. As cited previously, media services and programs must be provided to both accredited districts and nonpublic schools. Core media services and programs include: the maintenance of a curriculum library, timely on-site delivery of instructional materials on loan to a school; printing services; and, technical assistance.

Educational Services and Programs

With one exception, services and programs offered in this category are not mandated. However, the General Assembly has identified initiatives that, subject to available funds, may be offered by an AEA. These include: professional development (now mandated as one of nine standards); school-community planning; programs for the gifted and talented; and, others that first must be approved by the State Board of Education (Iowa Code 273.2(5)).

Programming and requests for service in this category have expanded significantly in recent years, due in large part to major school improvement efforts over the past approximate two decades launched by the Iowa State Department of Education and those initiated by the staff of school districts and nonpublic schools (e.g., a lead role assigned to the network in the launching of the Iowa Core Curriculum and the Iowa Teacher Quality Initiative).

The AEA Accreditation Services and Program Standards

As cited earlier, Iowa's Area Education Agencies has since the late 1990s functioned under an accreditation system that identifies service and program areas that the agencies must provide. The nine areas include some that reflect long-standing requirements, while others represent an expansion of the mission of the State System.

- school community planning
- curriculum, instruction, and assessment

- diverse learner needs
- multicultural gender-fair
- media services
- school technology
- leadership
- professional development (not mandated)
- management services (Iowa Code, Chapter 72)

AEA Statewide Initiatives

Another recent trend has been the growing practice of Iowa's Area Education Agencies to pool its resources and staff expertise to offer services and programs statewide. In 2010-11, 23 different initiatives were in place (Statewide Initiatives, AEA, January 2011). Some of these initiatives provide assistance to school districts and nonpublic schools and their staffs in emerging, new, educational priorities. Others are designed to provide assistance to students. One of these is a cooperative purchasing program designed to lower the costs districts and nonpublic schools pay for a menu of products.

¹ Note: For a more comprehensive profile of services and programs in each of the three service categories of special education, media, and educational services see the Department of Education's Annual Report.

The Process Used to Arrive at Estimates

A series of five straight-forward tables are used to establish estimates of what would be the result of redirecting current AEA state aid for special education services, media services, and educational services to go directly to accredited school districts and nonpublic schools. The data provided in each is as follows:

Table 1: The number of accredited school districts, total enrollment, and the percent of the state each of these two numbers represent for thirteen enrollment size categories.

Table 2: The same data as in Table 1, but using different enrollment size categories for accredited nonpublic schools.

Table 3: The method used to calculate the estimated AEA per pupil state aid in FY 12 in each of the three service categories that are supported by state funds.

Table 4: FY 12 AEA aid that would be redirected to accredited school districts in each of the thirteen enrollment size categories.

Table 5: The same data as in Table 4, but in this case those for accredited nonpublic schools.

Points to Be Emphasized in a Review of The Tables

Several key points need to be stressed in a review of the data provided in the tables.

1. Use in Table 1 and again in Table 4 of thirteen uneven interval enrollment size categories to describe the state school district universe is intended to do two things: more accurately describe the variations present in school districts; and, add value of the estimates that are offered. This is especially true when compared to the enrollment size categories commonly used by both the U.S. Department of Education and many states, including Iowa (i.e., < 300, 300-599, 600-999, 1,000-2,499, 2,500-7,499, and 7,500 or more).
2. The decision to make use, in Table 2 and Table 5, of three enrollment size categories to organize the 189 accredited nonpublic schools is also an arbitrary choice.
3. The estimated AEA per pupil state aid is shown in Table 3. These were arrived at by establishing an acceptable average aid received by the nine AEAs. State aid varies among the agencies in all three service categories.

4. The estimates of a redirection of AEA state aid to local entities are provided in Table 4. It is important to note that the calculations provided represent the minimum and maximum funds a local entity would receive. Local districts with lower enrollments would receive less than the larger districts.
5. The same caution should be followed in examining the estimates provided for nonpublic schools in Table 5.

A Final Note

The method used here to provide estimates of a redirection of AEA State aid to local entities is consistent with the objective of this initial look at the state's funding practice for Iowa's Area Education Agencies, that is, provide a broad view of the potential consequences of a change in current practice.



Table 1

School District Enrollment Size Categories Used in Report, FY 12

Enrollment Size Category	Number of Districts	Percent of State	Total Enrollment	Percent of State
< 300	52	14.5%	9,875	2.0%
300 - 599	104	29.0%	47,347	9.5%
600 - 999	88	24.5%	66,307	13.4%
1,000 - 2,499	81	22.6%	125,428	25.3%
2,500 - 3,999	10	2.8%	33,029	6.7%
4,000 - 5,499	9	2.5%	41,277	8.3%
5,500 - 6,999	5	1.4%	31,443	6.3%
7,000 - 8,499	0	0.0%	0	0.0%
8,500 - 9,999	3	0.8%	27,061	5.5%
10,000 – 12,999	3	0.8%	33,751	6.8%
13,000 – 15,999	1	0.3%	14,233	2.9%
16,000 – 19,999	2	0.6%	33,708	6.8%
20,000 – 33,999	1	0.3%	32,438	6.5%
Total	359	100%	495,897	100%

Source: 2010-2011 Iowa Public School District PreK-12 Enrollments by School, Grade, Race and Gender from Iowa Department of Education, Bureau of Planning, Research and Evaluation Basic Educational Data Survey (BEDS), Address, File and Merged 1011 file.

Table 2

Nonpublic School Enrollment Size Categories Used in Report, FY 12

Enrollment Size Category	Number of Schools	Percent of State	Total Enrollment	Percent of State
< 300	156	82.5%	18,458	54.7%
300 - 599	28	14.8%	10,911	32.3%
600 - +	5	2.7%	4,382	13.0%
Total	189	100%	33,751	100%

Source: 2010 Nonpublic Schools Certified Enrollment (from Iowa Department of Education).

Table 3

Method Used to Calculate Estimated AEA Per Pupil State Aid, FY 12

Estimated AEA Per Pupil State Aid By Service Category, FY 12	Public School District Estimates Provided Calculation	Non-Public School District Estimates Provided Calculation
Special education (per pupil weighted) varies among AEAs range \$250.63 - \$272.89 estimate based on average \$264.00	yes	no
Media (per pupil) varies among AEAs range \$47.96 - \$48.50 estimate based on average \$48.00	yes	yes
Education services varies among AEAs range \$52.26 - \$54.46 estimate based on average \$53.00	yes	yes

Source: Iowa Department of Management, Fiscal Services Division, averages established by one of the authors of this report.

Table 4

AEA State Aid When Distributed To School Districts, FY 12

Enrollment Size Category	Number of School Districts	Minimum/Maximum Estimated Redistributed State Aid			
		Special Education	Media	Educational Services	Total
< 300	52	5,808/ 79,200	1,056/ 14,400	1,166/ 15,900	8,030/ 109,500
300 - 599	104	79,200/ 158,136	14,400/ 28,752	15,900/ 31,747	109,500/ 218,635
600 - 999	88	158,400/ 263,736	28,800/ 47,952	31,800/ 52,947	219,000/ 364,635
1,000 - 2,499	81	264,000/ 659,736	48,000/ 119,952	53,000/ 132,447	365,000/ 912,135
2,500 - 3,999	10	660,000/ 1,055,736	120,000/ 191,952	132,500/ 211,947	912,500/ 1,459,635
4,000 - 5,499	9	1,056,000/ 1,451,736	192,000/ 263,952	212,000/ 291,447	1,460,000/ 2,007,135
5,500 - 6,999	5	1,452,000/ 1,847,736	264,000/ 335,952	291,500/ 370,947	2,007,500/ 2,554,635
7,000 - 8,499	0	1,848,000/ 2,243,736	336,000/ 407,952	371,000/ 450,447	2,555,000/ 3,102,135
8,500 - 9,999	3	2,244,000/ 2,639,736	408,000/ 479,952	450,500/ 529,947	3,102,500/ 3,649,635
10,000 - 12,999	3	2,640,000/ 3,431,736	480,000/ 623,952	530,000/ 688,947	3,650,000/ 4,744,635
13,000 - 15,999	1	3,432,000/ 4,223,736	624,000/ 767,952	689,000/ 847,947	4,745,000/ 5,839,635
16,000 - 19,999	2	4,224,000/ 5,279,736	768,000/ 959,952	848,000/ 1,059,947	5,840,000/ 7,299,635
20,000 - 33,999	1	5,280,000/ 8,975,736	960,000/ 1,631,952	1,060,000/ 1,801,947	7,300,000/ 12,409,635
Total	359				

Table 5

AEA State Aid Distributed to Nonpublic School, FY 12

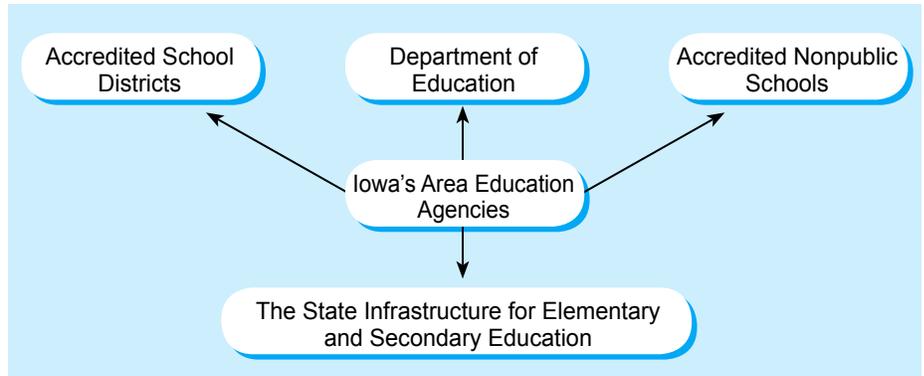
Enrollment Size Category	Number of School Districts	Minimum/Maximum Estimated Redistributed State Aid			
		Special Education	Media	Educational Services	Total
< 300	156	0	96/ 14,352	106/ 15,847	202/ 30,199
300 - 599	28	0	14,352/ 28,752	15,847/ 31,747	30,199/ 60,499
600 - +	5	0	28,800/ 47,616	31,800/ 52,576	60,600/ 100,192
Total	189				

Some Conjectures Regarding the Potential Consequences of a Change in AEA Funding

What conjectures can be made regarding the potential consequences of a reduction of state aid for Iowa's Area Education Agencies that would shift these monies to accredited school districts and nonpublic schools? A conjecture about the future of a proposed policy change is but one, and the weakest of the family of forecasting methods. Nonetheless, the approach has value for use in situations where time and resources are not available so long as they are based on informed or expert judgments, in this case, the collective intellectual capital of the AEA community.

It is useful to think about the potential consequences of the change in state aid to Iowa's Area Education Agencies from several perspectives, especially the following:

- the likely impact on different enrollment size accredited school districts;
- the likely prospects on different enrollment size accredited nonpublic schools;
- the potential effect on Iowa's Area Education Agencies as an institution;
- the potential ramifications for the Department of Education;
- and, most importantly, the potential consequences for the capacity of the state's infrastructure needed to support the state's long-term policy commitment to provide all school-age children and youth the best educational opportunities possible, while insisting that this goal be achieved in the most efficient and effective way possible.



Potential Impact of a Change in How Iowa's Area Education Agencies Are Funded

1. The potential impact will likely vary among the state's 359 accredited local school districts, primarily on the basis of the enrollment size of a district, but also due in part to its wealth. For example:

- Most districts with enrollment of less than 2,500 would likely have difficulty in replacing the level of support services and technical assistance currently received from an AEA.
- If the above concern holds true, a shift in the AEA funding would have a negative impact on approximately 90 percent of the state's school districts (329 of 359) that enroll approximately 50 percent of the total public school district student population.

2. A district of small and medium enrollment size required to maintain current AEA services and programs, or expand these to meet new program requirements, would likely select one or a combination of options available to it:

- Enter into a contract with an AEA.
- Enter into a contract with another service provider.
- Form a consortium with other districts having a similar need.

It is possible that all these options would require an added cost for a district. For example:

- Districts are mandated by state and federal law to provide certain special education services to students if those students qualify. Because the AEA system exists, districts are able to take advantage of efficiencies in the system to provide those services. For example, a beginning occupational therapist cost the AEA about \$285/day in salary and benefits in FY12. If a district did not have those AEA services and had to contract mandated services through a private entity the cost to the district would be approximately \$480/day if they could even find the service.
- The same situation applies to other mandated services (AEA speech-language pathologist - \$300/day, contracted service - \$525/day; AEA physical therapist - \$285/day, contracted service - \$600/day).

- It is important to also note that no district pays extra to their AEA for these services; instead, it is funded through their local property tax dollars and state aid. It also must be emphasized that each district only pays a fraction of the cost of each AEA provider as the per diem cost is actually shared and split between multiple school districts within that AEA. (Sources: Current AEA 267 Master Contract and contracts with private companies for services). (See Appendix A for additional examples of cost savings).

- Prairie Lakes AEA is currently providing business management services to one of its school districts. The district was paying \$52,000 to their business manager before and now are paying the AEA \$30,000. They are also going to receive operational savings in the amount of \$50,000. The net effect for this school year is about a \$72,000 turn-around for the district, and they are getting expertise that they could not have gotten before. (Source: Memo from Jeff Herzberg, Prairie Lakes AEA Chief 9/12/11).
- Many school districts/non-public schools, both large and small, benefit from the Iowa Educators Consortium (IEC). Cost savings accruing to Iowa schools are presented in Appendix A.

3. The possible effects on the state's 189 accredited nonpublic schools, and the approximately 34,000 students enrolled in them, would be both similar and different from the impact on the smallest of the small public school district. That is:

- It is similar in that the same options are available to enable a nonpublic school to replace AEA services and programs as are available to school districts.
- It is different on the important issue of funding. Nonpublic schools, unlike their public school

counterparts, have no taxing authority to generate funds to support their programming efforts.

4. The likely consequences for Iowa's Area Education Agencies resulting from a change in how the system is funded are significant. The emphasis here is on the institution of Iowa's Area Education Agencies, not on the anticipated, more direct, ripple effects a change in funding method would have on accredited school districts and nonpublic schools, the areas concentrated on in the previous three statements.

It is to be expected that:

- There would be a severe lessening of the collective intellectual capital now present in Iowa's Area Education Agencies, the shared competencies and skill sets and experience of the approximately 1,800-2,000 agency professional and support staff. The collective intellectual capital found in the AEA, it could be argued, represent one of the state's greatest concentrations of individuals possessing requisite professional backgrounds to address school improvement, broadly defined.
- There would be serious consequences for innovation to flourish and then shared within the AEA community.
- There would be negative repercussions for the promising beginnings of significant statewide AEA State System services and program initiatives that hold great potential for addressing emerging issues on a statewide basis.

5. The anticipated consequences for the Department of Education of a change in AEA funding practices are also huge and need to be seriously pondered if the State Board of Education and Department of Education choose to take one of two different options (a combination of the two is of course possible, representing a third option, but not one that is not represented in the two cited here).

The first option is the less likely to be exercised, but nonetheless is an option that might be pursued by some despite the lack of its political, economic, or administrative feasibility. In this case, the DE would:

- Seek funding to enhance its capacity to assume the entire responsibility for monitoring all 359 school districts and 189 nonpublic schools to assure compliance with state and federal requirements.
- Even more daunting, serve as the primary support system and technical assistance providers for the state's 359 districts and 189 nonpublic schools.
- Be competitive in the recruitment and retention of high quality professional and support staff necessary to be effective in the discharge of its expanded roles.
- Of necessity, the DE would strive to standardize its support services across the State, when in fact there are different needs in different parts of the State. The DE would be less likely to be able to respond to the unique needs of the local districts and non-public schools.
- Be required to lessen its energies on the most important role it can play, provide leadership for the state system of elementary and secondary education.

The second option would have the DE contract with third party(ies) for the development, production, delivery, or evaluation of its new expanded roles. Major issues arising here include:

- The anticipated added cost.
- The question of establishing appropriate and meaningful quality control procedures.
- The question of an appropriate and meaningful accountability system(s).

6. Taken together the preceding potential consequences of a change in the method

of AEA funding will have a significant negative impact on long-held state goals for the state system of elementary–secondary education. It does not take a leap of faith to recognize that:

- The goal of creating an equitable state system has the potential of being seriously compromised.
- The goal of creating a state system that would pass the “adequacy” standard is severely weaker, if not unattainable.
- The goal of insisting on the efficient and effective use of public funds, whether state or local generated, is seriously negatively affected.
- The goal of achieving programming quality is seriously weak.

What these likely outcomes reinforce is that it is critical to view Iowa’s Area Education Agencies as an essential part of the state’s infrastructure for elementary–secondary education, providing direct services to students, administrators, teachers, families, and communities all across the state. A fundamental shift in how the AEA’s are funded would have ripple effects throughout the state system of elementary–secondary education. The significance of these ripple effects is that they would weaken the achievement of the state’s unending and endless goals of assuring that each school-age student receives an equitable, quality education.

PROPOSED NEXT STEPS

It is hoped that completion of this draft report serves to trigger a renewed interest in the AEA community to document the value of Iowa’s Area Education Agencies. Over the past thirty-five years, Iowa’s Area Education Agencies has been one of the major instruments available to the state in pursuit of the state’s long-term policy goals of creating and sustaining high quality, accessible educational program opportunities for all of the state’s elementary–secondary school age children and youth. What is reported here, even in its draft form, is but a small step of what is possible and needed to document the importance of Iowa’s Area Education Agencies.

The state policy community is seemingly at a crossroads. On the one hand, it is clear that the state is desirous of revisiting its long-term commitment to maintaining excellence in the state system of elementary–secondary education. Moreover, it should be apparent that both state and local leaders will be sensitive to the need to ensure that public tax dollars are used more efficiently and effectively. Important long-term policy choices will be developed from the conversations resulting from the convergence of these two policy goals.

Toward the end of positioning Iowa’s Area Education Agencies so that it is factored into these conversations, not to be ignored, or on the margins, the following next steps are proposed. The two proposals offered are deliberately relatively modest ones. The expectation is that each one, once completed, will in turn suggest more substantive assessments.

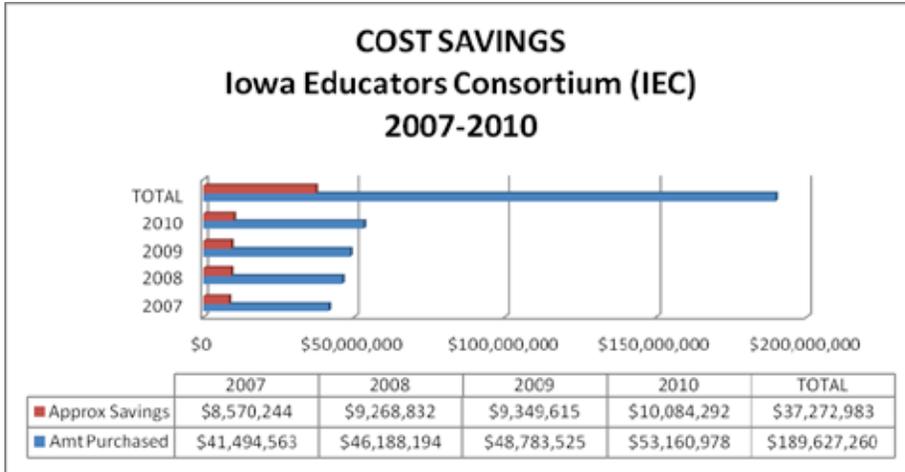
First, reorganize the report “Statewide Initiatives,” that is, by placing the specific initiatives under one or more high-interest themes. Then, put data around each initiative (e.g., cost, source of funds, number of students, staff, school district/nonpublic schools served, and results). It may be necessary initially to be selective in developing a data profile on the initiatives. Priority here should be on the high-interest “vital few” (e.g., implementation of the Iowa Core).

The second and final proposal is intended to add depth and even greater meaning to the data reported in a revision of this draft report called for in the first suggestion above. The effort here should be on an analysis of the ten-year history of selected features of state funding of Iowa’s Area Education Agencies, and the effect changes in AEA funding has had on system programming. Special emphasis should be given to each of the three service categories. Then, the association, if any, between enrollment history, AEA staffing numbers, and programming efforts should be established.



APPENDIX A

Additional Examples of Cost Savings



This graph summarizes the volume of IEC sales and estimated savings to school districts from 2007 through 2010.

The estimated savings are calculated by finding the best price a school district could obtain on their own and then comparing it to the IEC discounted price. School district officials know they almost always can get some kind of discount off a listed or catalog price.

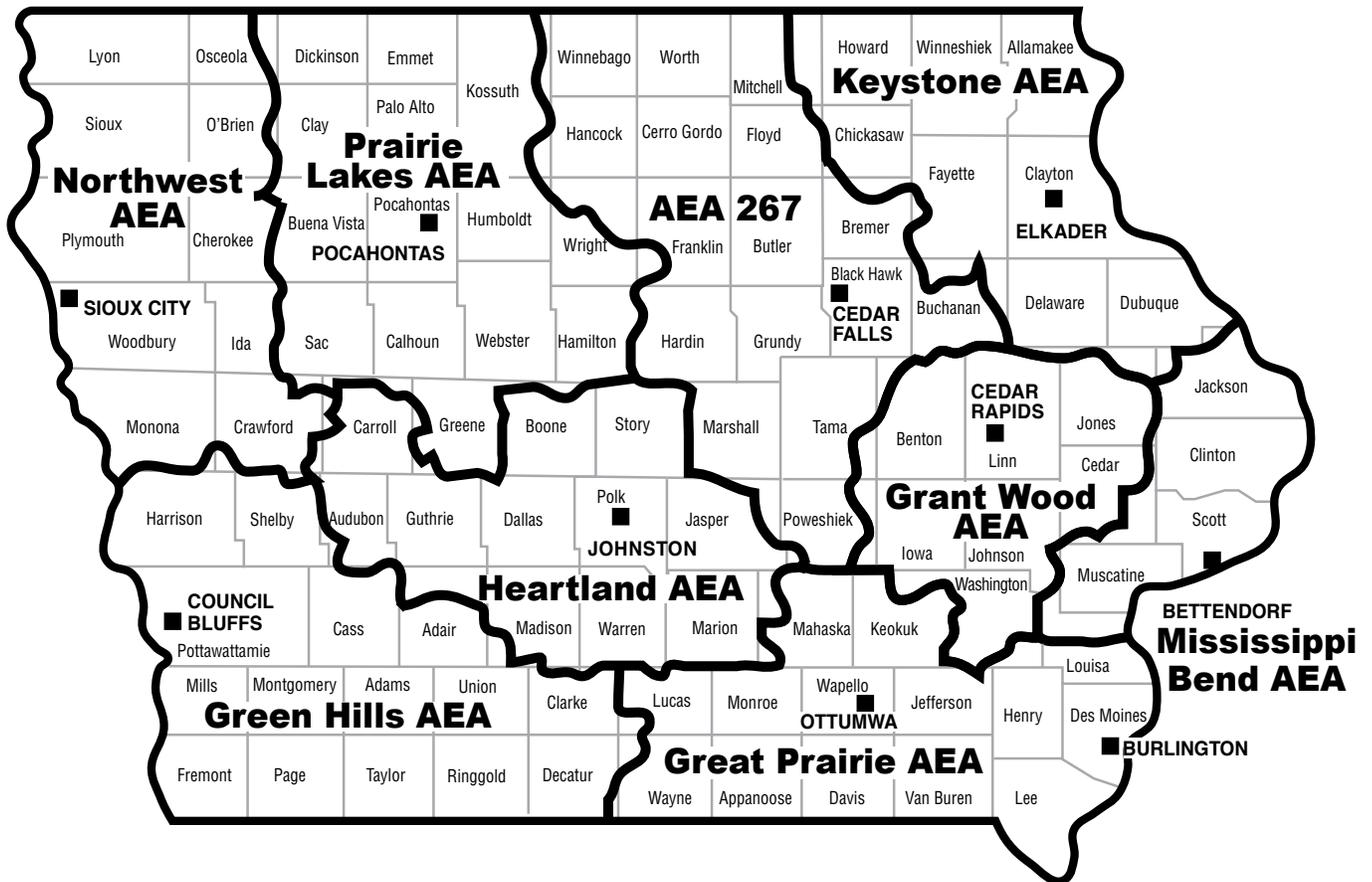
However, the IEC discounts are almost always better than the ordinary discount and thus the calculations for a school district's savings were established by determining the difference between

their ordinary discount price and the IEC discount price. Thus, as can be seen, participation in IEC programs saves school districts millions of dollars.

The Iowa Educators Consortium charges approximately 2% overhead administrative fee. These monies are used to support the administrative costs of the program and to support many of the state-wide AEA initiatives.

Source: *Iowa Educators Consortium (IEC) Profile of Savings, September 6, 2011 from Robert Vittengl, Executive Director, Iowa Educators Consortium*

Iowa's Area Education Agencies



For further information about this discussion contact your local AEA Chief Administrator:

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Grant Wood AEA 10

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All Iowa AEAs are required to adhere to state and federal laws that prohibit discrimination in programs, activities and employment practices. For specific information, contact your AEA.
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