



Supplemental State Aid State Percent of Growth Rate

Last week, Governor Reynolds recommended the Supplemental State Aid (SSA) state percent of growth rate be set at 2.5% for FY 2022 and FY 2023. The SSA state percent of growth rate establishes the allowed per pupil growth for every school district. At 2.5%, the regular program per pupil amount for each district would increase \$176 for FY 2022. Although the governor makes a recommendation on the SSA rate, the legislature is the government body that will set the SSA rate.

IASB has the following tools that provide information on the impact of the FY 2022 SSA state percent of growth rate:

- **SSA/New Money Tool:** [Two-year model](#) and [Five-year model](#)
- **State Categorical Supplement SSA Calculator:** This [tool](#) provides estimates for the Teacher Salary Supplement, Professional Development Supplement, Early Intervention Supplement, and Teacher Leadership Supplement
- **AEA SSA Tool:** Provides estimates for [AEA funding amounts](#)

FY 2022 SSA Estimates

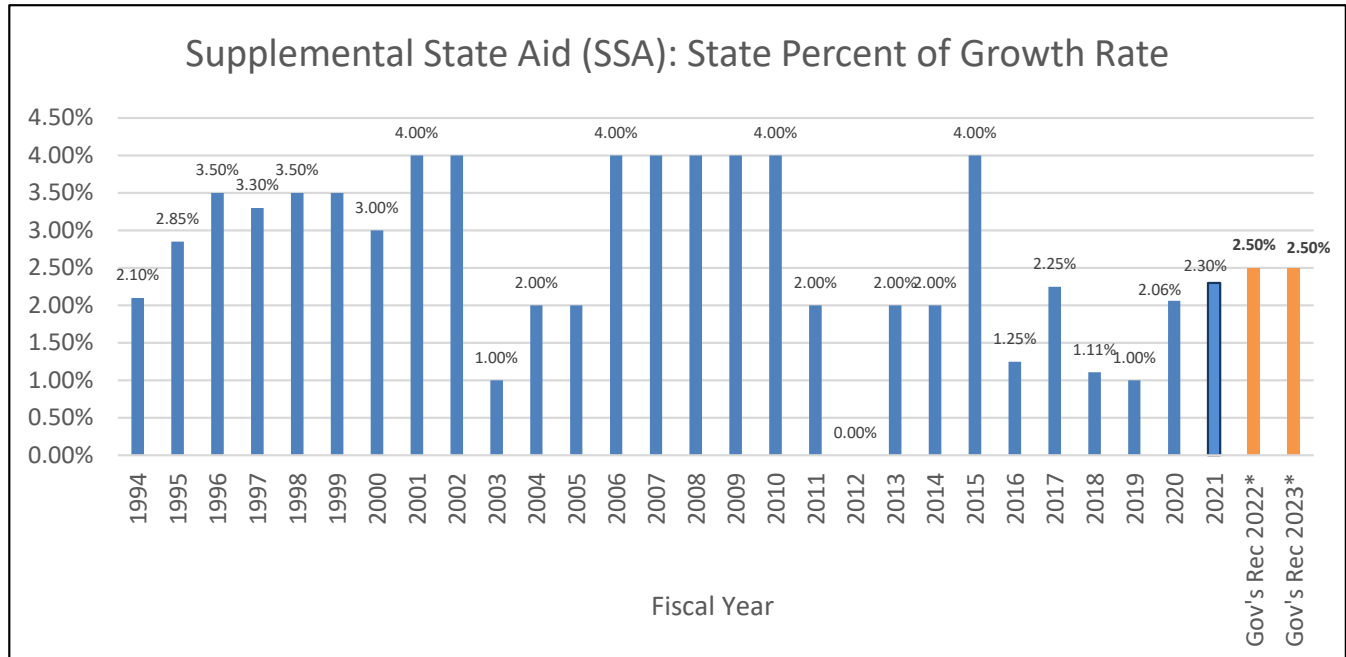
The following table provides the state aid estimates at different state percent of growth rates. Additionally, the table provides a breakdown of the cost for the extension of the SSA property tax relief provision (referred to as Property Tax Replacement Payment - PTRP) and adding \$10 dollars per pupil for district cost per pupil (DCPP) equity.

| Iowa Association of School Boards: FY 2022 School Aid Estimates (Preliminary - Based on Data as of January 10, 2020) vs. Estimated FY 2021 | | | | | | | | |
|--|----------------|----------------------------|---|------------------|--|-------------------------|-------------------|----------------------------------|
| FY | SSA Percentage | State School Aid Estimates | | | | | Trans. Equity Aid | Total State Aid Increase Package |
| | | State Aid - General Fund | PTRP Provision | State Aid | DCPP Equalization (Add \$10 Per Pupil) | Total School Aid w/DCPP | | |
| 2021 | 2.30% | \$ 3,306,189,375 | \$ 75,084,077 | \$ 3,381,273,452 | | \$ 3,381,273,452 | \$ 26,690,103 | \$ 3,407,963,555 |
| 2022 | 4.00% | \$ 3,377,528,361 | \$ 94,005,212 | \$ 3,471,533,573 | \$ 5,774,953 | \$ 3,477,308,526 | \$ 27,757,707 | \$ 3,505,066,233 |
| 2022 @ 4.00% vs. 2021 | | \$ 71,338,986 | \$ 18,921,135 | \$ 90,260,121 | | \$ 96,035,074 | \$ 1,067,604 | \$ 97,102,678 |
| 2022 | 3.00% | \$ 3,335,274,770 | \$ 88,908,541 | \$ 3,424,183,311 | \$ 5,774,954 | \$ 3,429,958,265 | \$ 27,490,806 | \$ 3,457,449,071 |
| 2022 @ 3.0% vs. 2021 | | \$ 29,085,395 | \$ 13,824,464 | \$ 42,909,859 | | \$ 48,684,813 | \$ 800,703 | \$ 49,485,516 |
| 2022 | 2.50% | \$ 3,314,771,958 | \$ 86,643,354 | \$ 3,401,415,312 | \$ 5,774,932 | \$ 3,407,190,244 | \$ 27,357,356 | \$ 3,434,547,599 |
| 2022 @ 2.50% vs. 2021 | | \$ 8,582,583 | \$ 11,559,277 | \$ 20,141,860 | | \$ 25,916,792 | \$ 667,253 | \$ 26,584,044 |
| 2022 | 2.00% | \$ 3,294,474,729 | \$ 84,378,177 | \$ 3,378,852,906 | \$ 5,774,922 | \$ 3,384,627,828 | \$ 27,223,905 | \$ 3,411,851,733 |
| 2022 @ 2.0% vs. 2021 | | \$ (11,714,646) | \$ 9,294,100 | \$ (2,420,546) | | \$ 3,354,376 | \$ 533,802 | \$ 3,888,178 |
| 2022 | 1.50% | \$ 3,274,499,961 | \$ 81,546,687 | \$ 3,356,046,648 | \$ 5,774,945 | \$ 3,361,821,593 | \$ 27,090,455 | \$ 3,388,912,048 |
| 2022 @ 1.5% vs. 2021 | | \$ (31,689,414) | \$ 6,462,610 | \$ (25,226,804) | | \$ (19,451,859) | \$ 400,352 | \$ (19,051,507) |
| 2022 | 1.00% | \$ 3,254,171,035 | \$ 79,281,507 | \$ 3,333,452,542 | \$ 5,774,914 | \$ 3,339,227,456 | \$ 26,957,004 | \$ 3,366,184,460 |
| 2022 @ 1.0% vs. 2021 | | \$ (52,018,340) | \$ 4,197,430 | \$ (47,820,910) | | \$ (42,045,996) | \$ 266,901 | \$ (41,779,095) |
| Notes: | | | | | | | | |
| | | | FY 2021 Transportation Aid = \$ 26,690,103 | | | | | |
| | | | FY 2021 Increase to Transportation Equity Aid is based on the FY 2020 appropriation amount multiplied by the SSA percentage. | | | | | |
| | | | DCPP (District Cost Per Pupil) Equalization Cost assumes extension of the PTRP (Property Tax Replacement Payment) provision through FY 2022 and represents a \$10 per pupil increase for FY 2022. | | | | | |
| | | | "New Money" is the change in the total regular program district cost from one year to the next and represents in the available non-categorical dollars available to cover cost increases. | | | | | |
| | | | Estimates assume maintain the \$15.0 million reduction for AEA's in state aid in FY 2022. | | | | | |
| | | | Estimates are based on preliminary enrollments and weightings and estimated taxable valuations. | | | | | |
| | | | Estimates are subject to change based on updated data and information. | | | | | |
| Sources: | | | | | | | | |
| | | | Iowa Department of Management, School Aid file | | | | | |
| | | | Department of Education, Preliminary enrollments/weightings | | | | | |
| | | | IASB analysis and calculations | | | | | |

The yellow highlighted area reflects the governor's recommendation for FY 2022. Last year, the school funding package included 2.3% SSA, extension of the PTRP, adding \$10 to the state cost per pupil for DCPP equity, and increasing transportation aid by about \$7.0 million for an overall increase of nearly \$100 million. Because of the enrollment decrease this past fall, the cost of state school aid has decreased significantly from last year. The estimated cost increase for school aid based on the governor's proposal is \$20.1 million in FY 2022. Note that the increased cost in FY 2022 that includes 4.0% SSA, extension of the PTRP, adding \$10 per pupil for DCPP equity, and funding transportation aid totals about \$97 million, nearly the same increase as FY 2021.

SSA State Percent of Growth Rates Since FY 1994

Prior to FY 1994, the state percent of growth rate was formula driven. Since FY 1994, the legislature has established the rate (except in FY 2012 when no consensus was reached on a rate and it defaulted to 0.0%). The following chart shows the state percent of growth rate since FY 1994.



The SSA state percent of growth rate is generally the most impactful school finance policy decision the legislature makes. But school aid is also impacted significantly by each district's annual resident enrollment count. Districts with enrollment decreases that aren't outweighed by the SSA growth rate will likely be on budget guarantee. Additionally, districts that are on budget guarantee in consecutive years are likely to have new money amounts of less than 1.0% (note that new money is the change in total regular program funding from one year to the next).

The following tables provide the SSA growth rates and the statewide impact on new money and budget guarantee for FY 2009 through FY 2021. Historic individual district data on regular program funding, including the budget guarantee and new money is available [here](#). Note the following impacts under the governor's recommendation of 2.5% SSA for FY 2022 (Based on IASB estimates):

- New Money: Estimated statewide new money totals \$60.9 million (1.7%) with 46 districts (14.1%) receiving negative new money in FY 2022.
- Budget Guarantee: Statewide budget guarantee totals \$25.9 million with 137 districts (41.9%) eligible for the provision (requires board approval).

SSA and the Impact on New Money: FY 2009 Through FY 2021

| Fiscal Year | SSA Rate | New Money Amount (in Millions) | New Money % | Number of Districts with Negative New Money | % of Districts with Negative New Money* |
|-------------|----------|--------------------------------|-------------|---|---|
| 2009 | 4.00% | \$ 93.5 | 3.6% | 46 | 13.8% |
| 2010 | 4.00% | \$ 85.5 | 3.2% | 57 | 17.1% |
| 2011 | 2.00% | \$ 51.5 | 1.9% | 72 | 21.6% |
| 2012 | 0.00% | \$ 18.3 | 0.6% | 143 | 42.9% |
| 2013 | 2.00% | \$ 24.4 | 0.9% | 175 | 52.6% |
| 2014 | 2.00% | \$ 68.6 | 2.4% | 89 | 26.7% |
| 2015 | 4.00% | \$ 125.7 | 4.3% | 35 | 10.5% |
| 2016 | 1.25% | \$ 63.4 | 2.1% | 29 | 8.7% |
| 2017 | 2.25% | \$ 82.8 | 2.6% | 73 | 21.9% |
| 2018 | 1.11% | \$ 59.9 | 1.9% | 52 | 15.6% |
| 2019 | 1.00% | \$ 43.3 | 1.3% | 100 | 30.3% |
| 2020 | 2.06% | \$ 62.9 | 1.9% | 98 | 29.7% |
| 2021 | 2.30% | \$ 95.9 | 2.8% | 42 | 12.7% |

*New money amounts were summed together for districts that reorganized between FY 2009 and FY 2021.

Sources:

Iowa Department of Management, School Aid files
IASB analysis and calculations

SSA and the Impact on Budget Guarantee: FY 2009 Through FY 2021

| Fiscal Year | SSA Rate | Budget Guarantee Amount (in Millions) | Number of Districts with Budget Guarantee | % of Districts with Budget Guarantee |
|-------------|----------|---------------------------------------|---|--------------------------------------|
| 2009 | 4.00% | \$ 12.1 | 155 | 42.8% |
| 2010 | 4.00% | \$ 11.8 | 142 | 39.3% |
| 2011 | 2.00% | \$ 25.1 | 222 | 61.8% |
| 2012 | 0.00% | \$ 47.7 | 270 | 76.9% |
| 2013 | 2.00% | \$ 16.2 | 200 | 57.5% |
| 2014 | 2.00% | \$ 11.2 | 133 | 38.4% |
| 2015 | 4.00% | \$ 3.2 | 66 | 19.5% |
| 2016 | 1.25% | \$ 16.3 | 162 | 48.2% |
| 2017 | 2.25% | \$ 10.4 | 110 | 33.0% |
| 2018 | 1.11% | \$ 23.6 | 179 | 53.8% |
| 2019 | 1.00% | \$ 25.5 | 178 | 53.9% |
| 2020 | 2.06% | \$ 9.8 | 114 | 34.9% |
| 2021 | 2.30% | \$ 8.3 | 106 | 32.4% |

Sources:

Iowa Department of Management, School Aid files
IASB analysis and calculations