



FY 2021 Budget Guarantee Information

The budget guarantee (also referred to as budget adjustment) is a provision of Iowa's school aid formula that provides districts a guarantee of 1.0% over the prior year's regular program funding level. It's funded entirely through local property taxes, requires board approval through a board resolution to implement, and is impacted by the change in the district's budget enrollment and the supplemental state aid (SSA) state percent of growth rate. Key terms to note regarding the budget guarantee include:

- **Budget Enrollment:** The prior year's certified enrollment count of resident student enrollment. This enrollment is used to generate funding for school districts.
- **Supplemental State Aid (SSA):** This is the allowed growth in the district cost per pupil amount each year and is calculated by multiplying the regular program state cost per pupil by the SSA state percent of growth rate.
- **District Cost Per Pupil (DCPP):** This is the per pupil amount that generates regular program dollars for school districts. The DCPP amount increases each year by the SSA amount.
- **Regular Program District Cost (or Regular Program Funding Amount):** This amount is determined by multiplying the district's budget enrollment by the DCPP. These funds can be used for any general fund program purpose.
- **Total Regular Program District Cost:** This amount is the sum of the regular program district cost plus any budget guarantee amount.
- **New Money:** This amount is the change in a district's total regular program district cost from one year to the next.

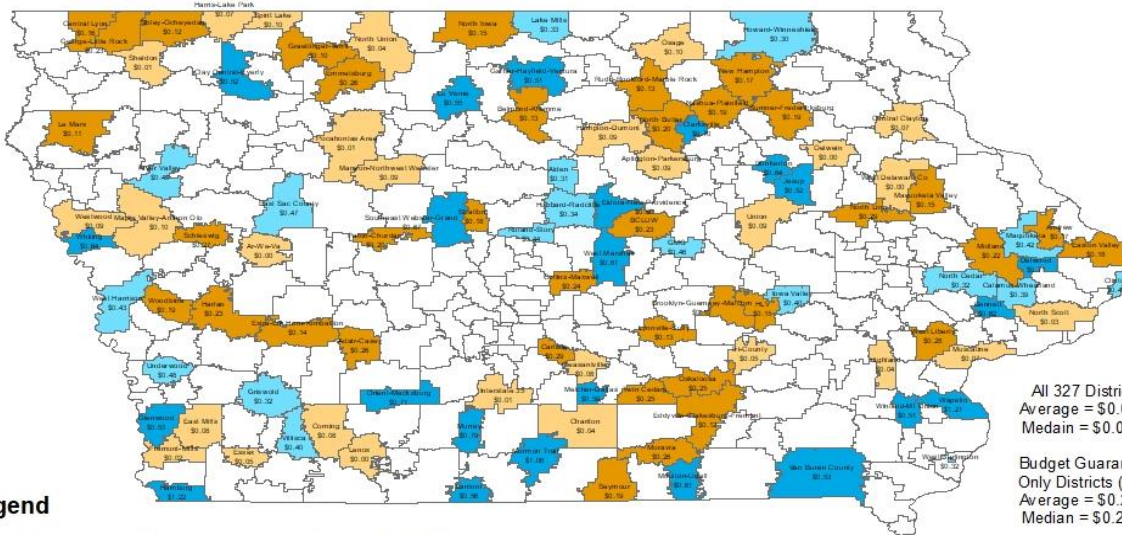
Districts that have enrollment decreases that are not offset by the SSA state percent of growth rate will be eligible for budget guarantee. The current budget guarantee provision does not include any prior year budget guarantee amounts. Because of this, the budget guarantee is not a "hold-harmless" provision that offers a long-term solution for districts that continue to see reduction in enrollments. However, it does provide some additional funding that can mitigate the full impact a reduction in enrollment has on a district's regular program budget amount. Districts that are on budget guarantee for consecutive years will have new money amounts that are less than 1.0%. Additionally, these districts will likely have a decrease in their overall regular program funding levels.

The following map provides the budget guarantee status of districts in FY 2021 and the impact on the school district property tax rate. Of the 327 school districts, 106 (32.4%) were on budget guarantee for a total of \$8.3 million.

- [View a larger map](#)
- [See district specific budget guarantee and new money amounts for FY 2021](#)
- [Use our SSA/New Money Calculator](#)



Iowa Association of School Boards
 FY 2021 - Districts on Budget Guarantee and the Property Tax Rate Impact*



Legend

Tax Rate Impact of Budget Guarantee* in FY 2021

- No Budget Guarantee (221 Districts)
- \$0.0001 to \$0.1000 (28 Districts)
- \$0.1001 to \$0.3000 (37 Districts)
- \$0.3001 to \$0.5000 (18 Districts)
- \$0.5001 to \$1.2231 (23 Districts)

*Note:
 Amounts are preliminary and may be subject to change.
 Property tax rate impact reflects the property tax rate required to generate the funding level of the budget guarantee amount for FY 2021 and is expressed per \$1,000 of taxable valuation.

All 327 Districts
 Average = \$0.0449
 Median = \$0.0000

Budget Guarantee
 Only Districts (106)
 Average = \$0.2455
 Median = \$0.2273

Sources:
 Iowa Department of Management, School Aid file
 IASB analysis and calculations

The following table provides additional information regarding the FY 2021 budget guarantee summarized by enrollment category. Additionally, it provides the average property tax rate impact and average new money percentage for districts that were on the budget guarantee.

FY 2021 Budget Guarantee and New Money Percentages by Enrollment Size Category									
	All 327 School Districts					Districts on Budget Guarantee Only (106 Districts)			
Enrollment Size Category	# of Districts	Overall Change in Enrollment	# of Districts with an Increase	# with a Decrease	New Money %	# on Budget Guarantee	% on Budget Guarantee	New Money %	Average Budget Guarantee Property Tax Rate
<250	24	(105.6)	8	16	1.1%	14	58.3%	-0.1%	\$ 0.5598
250 to 399	36	(135.0)	11	25	1.0%	20	55.6%	-0.1%	\$ 0.3163
400 to 699	108	(138.3)	42	66	2.1%	38	35.2%	0.4%	\$ 0.2143
700 to 999	47	(21.4)	22	25	2.3%	15	31.9%	0.3%	\$ 0.2934
1,000 to 2,499	77	359.2	39	38	2.6%	16	20.8%	0.8%	\$ 0.1925
2,500 to 7,499	23	1,000.6	16	7	3.3%	3	13.0%	1.0%	\$ 0.1619
7,500 and up	12	1,483.4	9	3	3.3%	0	0.0%	NA	NA
Total/Average	327	2,442.9	147	180	2.8%	106	32.4%	0.5%	\$ 0.2455

The following graph provides a view of the impact of the SSA state percent of growth rate (represented by the red line and right axis) has on the budget guarantee amount (measured by the blue bars and left axis). At lower SSA rates, the budget guarantee amounts are higher and at higher SSA rates the budget guarantee amounts are lower.

