A policy brief published by the Center on Regional Politics in July 2016 provides data on the status of fund balances for Pennsylvania’s 500 school districts at the close of fiscal year 2014-15. The data show that total reserve funds for districts, charter schools and technical schools have increased by about $400 million since 2012-2013, from $4.3 billion to $4.7 billion. But only six of the 500 school districts have unassigned fund balances equal to or larger than their state subsidy.

The brief summarizes aggregate trends for districts, as well as charters and technical schools, while data on specific districts’ reserve funds have been made available through the CORP website. The brief explains the four types of fund balances under government accounting standards and the restrictions on unassigned balances under state law. Districts may use “committed” fund balances to save for capital improvement projects in order to...
avoid borrowing. Meanwhile, “unassigned” balances are available for use without restrictions and serve as a hedge against economic and budgetary uncertainty. For example, districts with unassigned funds used these to sustain their operations during delays in state subsidy payments in the 2015-16 state budget impasse.

The financial industry suggests that a government unassigned fund balance should be between 5% and 10% of total operating expenditures, while the Pennsylvania School Code (24 PS §6-688) limits the amount of unassigned fund balance to 8% for a district whose expenditures exceed $20 million if it is going to raise taxes. The Government Finance Officers Association recommends minimum unassigned reserves between 5% and 15% of total expenditures. The data show that many districts are not meeting these minimum recommendations. Instead, 35 districts have negative or zero unassigned fund balances, while 262 have positive fund balances below 8%. On average, the brief notes, school districts have unassigned fund balances just above the minimum recommendation of 5%. Charters, which operate as non-profits have slightly higher fund balances, on average, while technical schools have somewhat lower unassigned reserves. However, these balances are not distributed normally across districts. Instead, the majority of districts have unassigned fund balances below 10%, while a smaller number have unassigned reserves that represent a much higher share of total expenditures.

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Find an interactive map of all PA districts according to the percent of expenditures in the unassigned fund balance at: http://www.cla.temple.edu/corp/fundbalancesupdate/.