



EDUCATION COMMISSION
OF THE STATES

School Funding Interim Commission Helena, Montana

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Your education policy team.

Education Commission of the States

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- ▶ Provides nonpartisan unbiased advice to policymakers throughout the country
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Presentation Overview

- State policies on district reserve funds
- State funding based on district size



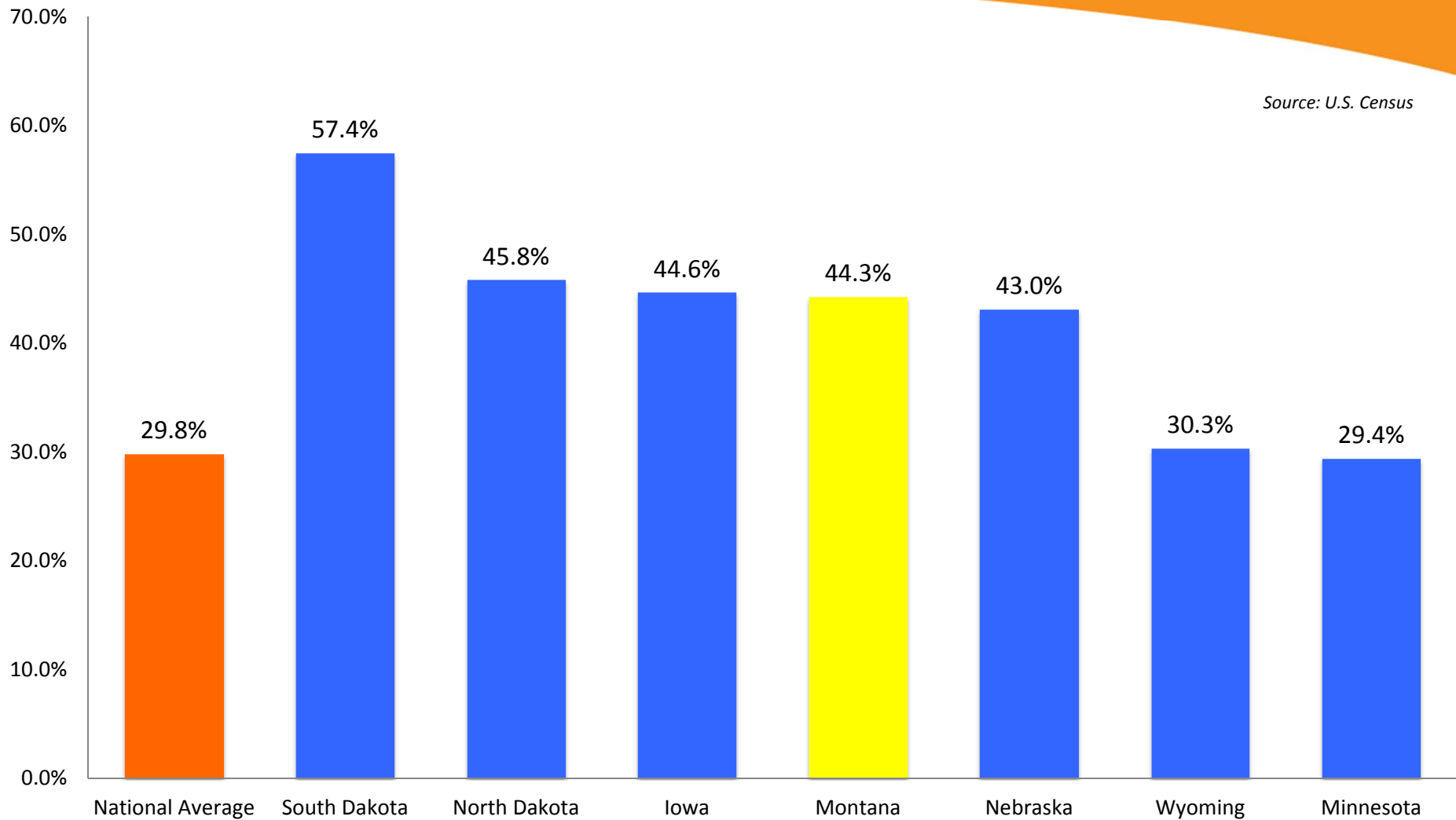
Reserve Fund Policies

- It is recommended that political subdivisions (including school districts) maintain an unrestricted fund balance in the general fund of no less than two months of regular general fund revenues or expenditures (*Government Finance Officers Association*)
- For a nine-month budget year that would equate to 22.2 percent or for a 12-month budget year it would be 16.7 percent.



Year Ending Cash & Securities as a % of Total Revenue

2011-12



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State Reserve Fund Policies

	Does the State Cap Reserves?	Notes:
Iowa	No	If reserves increase by 33% state may audit the district's budget
Minnesota	No	
Nebraska	Yes	Reserve funds capped at 20% to 45% of operational budget based on size
North Dakota	Yes	Reserve funds are capped at 45% of operational budget plus \$20,000
South Dakota	No	
Wyoming	No	



Funding Based on District Size

- Research has shown that there is a higher cost per student to provide an education in a small school/district
- Research varies about how small a district must be before it starts to produce additional costs (2,500 to 100)
- Costs can jump significantly when a school/district does not have a sufficient number of students for a full-size classroom per grade (*Appox. 20 students/grade*)



Funding Based on District Size

- Some states provide additional funding to all small districts
 - Easy to administer
 - Discourages districts from consolidating
- Other states only provide additional funding to those districts that are small by necessity
 - The state must determine which districts are small by necessity and which are small by choice



QUESTIONS?



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