



Iowa Department of Education

Student Activity Fund and Public Purpose

IASBO

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Current State

- We are seeing trends in expenditures that stretch the purpose of this fund
- Increasing pressure on the fund due to limited new revenue
- Lack of consistent understanding of what the fund is and is not
- Local politics are real, as are pressures to provide certain supports that are beyond what the law allows

Current State

- Problem areas include:
 - Student trips
 - Ind. and team sports camps out of season
 - Meals
 - Fundraising
 - Paying staff costs
 - Rewards to individuals
 - Connections to community groups
 - Transportation
 - Show choir



GENERAL PRINCIPLES

General Principles

- Number one: Student activity funds are public funds. All of them. No matter what the source.
- PURPOSE: To account for financial transactions related to the **cocurricular and extracurricular activities** offered as a part of the education program for the students established under 281—Iowa Administrative Code rule 12.6(1).

General Principles

- A student activity fund must be established in any school district receiving money from student-related activities such as:
 - admissions
 - activity fees
 - student dues
 - fundraising events
 - or other student-related cocurricular or extracurricular activities
- Every school district in Iowa must have a student activity fund.

General Principles

- All funds collected by a school district through school activities are under the financial control of the school board.
- Prudent and proper accounting of all receipts and expenditures in these accounts is ultimately the responsibility of the board.
- All official records of the student activity fund shall be maintained on the single, district-wide Uniform Financial Accounting system.
- Districts may maintain subsidiary records for student activities, and all subsidiary records must be reconciled to the official records on a monthly basis.

General Principles

- School districts are not required to maintain funds raised by outside organizations in the school's activity fund.
- A board may regulate fundraising activities during school and school-sponsored events, and it may regulate the use of funds derived from those sources (OAG #83-9-1).

General Principles

- Revenue sources include income derived from student activities and interest on the investment of those moneys. This includes:
 - gate receipts
 - ticket sales
 - admissions
 - student club dues
 - donations
 - fundraising events, and
 - any other receipts derived from student body cocurricular or extracurricular activities, contests, and exhibitions.



PUBLIC PURPOSE

Public Purpose

- Who do we work for?
 - School board
 - Students
 - Community/Public
 - Parents
 - Tax payers
 - Administration
- Equity and public benefit two key considerations
- Some employees seem to struggle understanding this “working for the greater good” concept. It’s not about what individual adults want to happen.

Public Purpose

- Public purpose is not simply having the school board or administration “say” it is public purpose.
- Available funds are not the property of the school district, school board, or any employees – they are provided funds to deliver a free public education.
- Officials are stewards of these funds and must be accountable to the public for their use.
- Funding given to school officials to use must be used properly and with consideration to the broader public interest.

Public Purpose

- Is the “public” advanced by a given action to spend certain funds?
- Examples:
 - Purchasing gift cards or using cash as rewards for either staff, students, or volunteers.
 - Voluntarily waiving an established fee for reasons other than those supported by board policy (i.e., district covering an expense that is the parent’s responsibility).
 - Funding a team camp out of season.
 - Paying for a dance team to compete in a dance competition in the summer.
 - Covering excess parents chaperone costs on a district-sponsored trip.
 - Paying for a charter bus for the football team.

Public Purpose

- Generally, if an action is done to “help or reward” a given individual or to incent certain individual responses, it is going to be difficult to establish a public purpose for that use.
- This is regardless of the source of funding – if given to the district and under district management – public purpose applies.
- What is the alternative? Private fundraising, direct gifts from partners or individuals, stop providing rewards or helping individuals.

Public Purpose

- DE increasingly put in a position to mediate or referee these issues.
- May need to develop a simple checklist or decision-making tree to assist.
- However, state leadership on this will result in restrictions that limit local flexibility.
- Preference?



EXPENDITURES

Expenditures

- Appropriate expenditures include the **ordinary and necessary expenses** of operating district sponsored and supervised student cocurricular and extracurricular activities.
- Inappropriate expenditures would include any expenditure more appropriate to other funds.
- It is never appropriate for a school district to give cash to student members of activity groups.
- The student activity fund shall not be used as a clearing account for any other fund.

Expenditures

- Expenditures that may **not** be made from public moneys include the following:
 - The cost of **optional equipment** or **customizing uniforms**.
 - The cost of **uniforms** when the following two tests are not met:
 - The activity is a part of the school's educational program, and
 - The wearing of the uniform or equipment is necessary in order to participate.
 - Hospital or medical claims for student injuries or procurement of student medical insurance.
 - Optional costs related to activities such as promotional costs (printing of tickets and posters, or other advertising expenses).
 - District-level membership fees in student activities related associations if the fees are optional, in that non-member schools may participate in sponsored events (OAG #92-11-13).

Expenditures

- An excess of revenues over expenditures for any student activity remains under the control of the board and may not be distributed to any individual member of such activity or a private group.
- Residual interest in all student activity moneys belongs to the district.
- Upon dissolution of an activity, such as a graduating class, drama club, etc., the remaining funds must be used to support other student activities in the student activity fund.
- Surplus may not be given to students who were in the activity nor retained for future uses by that group of students, such as a class reunion.

Expenditures

- Student activity funds **may not**, in any event, be **devoted or allocated to any private organization nor may they be added to the General Fund**. These funds shall be maintained in a student activity fund supervised by the board (OAG. #46-3-26).
- A list of appropriate and inappropriate uses of student activity fund monies is included in the Iowa Administrative Code (281-IAC 98.70).



COMPLICATED ISSUES

Camps and Clinics

- District-sponsored or privately-sponsored (which includes district coaches offering camps open to anyone)?

District-sponsored Camps

- District sponsored includes through Community Education
- Board approves salaries and wages
- Revenue deposited and recorded in Enterprise or General Fund
- Normal payroll
- Wages reported
- Fees based on actual costs and pre-established
- Excess funds not given to coaches or staff

Privately-sponsored Camps

- Contract between the camp facilitator and district should address:
 - Equipment use
 - Rental fees (fair rental value)
 - Insurance
 - Other costs associated
- Facilitator needs certificate of insurance for liability
- District collects fees for entity?
Agency Fund

Camps

- When is a district-sponsored camp not a district-sponsored camp?
- Answer: When it is not co- or extra-curricular and not limited only to students enrolled in the district.
- Enterprise Funds, not SAF.

Camps

- No out-of-season contact between coaches and students during school year. Summer allowed if student volunteers
- Team camps subject to same rules as individual camps – personal benefit – not supported with district funds
- Use of facility? See prior slide

Camps

- Fundraise to cover costs of camps?
- District cannot use the revenue in the Enterprise or General Fund to sponsor a camp or clinic outside of the season for that sport, nor to pay the costs for individuals or teams
- Cannot transfer public funds to private entity to cover.

Fundraising

- Iowa law does not require school districts to maintain funds raised by outside organizations in the school activity account (OAG 9/1/83)
- Districts need a policy on this
- Require students to fundraise? No.
- Alternatives offered to students for fundraisers? Yes.

Fundraising

- Scholarships or rewards to “top sellers”? No.
- Proceeds from district fundraiser to booster club? No.
- Fundraised money above and beyond target. Use to defray cost for parent or student? No.
- Are any gift cards/rewards ok? No.
 - Can public purpose be established?

Fundraising

- Private entities or boosters fundraising ok? Yes, but can't promote this as a district fundraiser.
- If funds given to district, they are district funds.

Staff

- Athletic officials, judges, and other staff exclusively used for the individual student activity can be paid from the student activity fund
- Regular payroll process
- District staff – discussion continues?
- Activity director – General Fund

Staff

- Athletic officials may be paid as independent contractors (if not district employees) and not through payroll, but this only applies to athletic officials
- Gift certificates to volunteers?
Difficult. Volunteer = donation of time. Public Purpose. Non-monetary certificate ok – i.e., free admission

Transportation

- Transportation beyond getting students to and from school would be ok if related to co or extracurricular activities
- Student activity fund may reimburse the General Fund (mileage rate established by board)
- Pay bus driver directly? No – reimburse General Fund at mileage rate

Transportation

- Charge students for charter busses?
No. Also, watch Title IX issues on charters

Trips

- Charge students for extended trip expenses? No, not if district-sponsored and mandatory.
- Could the district charge for an option trip where excused absences are provided? Possibly.
- Can we use a private company to manage the trip? Yes, but district still has responsibility for students if district-sponsored.
- Family emergency – district cover those costs? No.

Booster Clubs

- Can booster clubs or city or county programs run our activities? No, student activity program is required of school districts.
- Can the district contract the day-to-day operation of the student activity program out? Yes – district is still responsible and providing oversight.

Booster Clubs

- Booster formed to subsidize specific activity. OK?
- Generally not ok to reward individual students.
- School district employees subject to Iowa gift law.
- District may accept donations as long as rules are followed. Not coaches or students accepting funding directly on the behalf of the district – to district directly.

Booster Clubs

- District dance team wants to form a separate organization to fundraise because they want to control money. OK? No, district-sponsored activity.
- Can district buy food for concessions and let boosters sell and keep revenues? No.

Booster Clubs

- District has the right to direct fundraising that occurs on school sites, during school day, and during school events.
- (Do we agree on what we mean by school day in this context?)

Fees

- Can a district charge an activity fee?
Yes, district required to have a program.
- Can a district require students to pay an activity fee? No – must be voluntary.
- Can a district require students to purchase uniforms? No.
- Can a district charge students and parents a technology fee for laptops?
Only if general fund and a textbook substitute and reasonable based on original cost and remaining value.

Fees

- Transportation fee to students related to travel to sports? No.
- Custodial services for activities from activity fund? No.
- Fee related to items purchased from PPEL (or SAVE)? No.

FAQs

 [HTTPS://WWW.EDUCATEIOWA.GOV/PK-12/SCHOOL-BUSINESS-FINANCE/LEVIES-FUNDS/STUDENT-ACTIVITY-FUND](https://www.educateiowa.gov/pk-12/school-business-finance/levies-funds/student-activity-fund)

[HTTPS://WWW.EDUCATEIOWA.GOV/PK-12/SCHOOL-BUSINESS-FINANCE/FINANCIAL-MANAGEMENT/TUITION-FEES](https://www.educateiowa.gov/pk-12/school-business-finance/financial-management/tuition-fees)

Legal References

- Dillon's Rule
- Iowa Code Chapters 279, 280, and 298A
- Iowa Administrative Code Sections 12.6(1) and 98.70
- Iowa Attorney General Opinions
- Case Law

Contact

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