

# Student Activity Funds, Key Points

*Iowa Department of Education—April 2008*

The purpose of this document is to provide guidance to school districts regarding usage of student activity funds, including fundraising by members of student activity groups<sup>1</sup>. Specifically, schools and school auditors are raising questions about proper use of funds raised by student members of such groups.

## ***General Points:***

1. Student activity funds are first, last, and always public funds that are property of the school district, the same as any other district funds.
2. It is never appropriate for a school district to give cash to student members of activity groups.

## ***Ensuring Equitable Participation in Benefits:***

3. All members of a student activity group must have an equitable opportunity to participate in the benefits offered by the group. Suggested criteria (in addition to fundraising) that may be used by a school district include the following:
  - a. Years of membership in the group;
  - b. Positions of leadership or responsibility held in the group;
  - c. Attendance at meetings or functions of the group;
  - d. General conduct (or misconduct).
4. All criteria for participation in a benefit offered to some, but not all, members of the group must be approved by the local school board. These benefits may be defined locally, but must include attendance at any state-level or national-level conferences, as well as all other activities that are not available to all student members of the group because of cost restrictions.
5. Notice of all criteria for participation in a benefit offered to some, but not all, members of the group must be provided to the members at the start of each school year.

## ***Fundraising:***

6. If fundraising is used by an activity group, the school district must keep the safety and security of student members as its primary concern. For instance, students should be urged not to go door-to-door alone, if at all. Some alternatives to the door-to-door sales include the following:

---

<sup>1</sup> Activity groups include Future Farmers of America (FFA), Distributive Education Clubs of America (DECA), Family, Career and Community Leaders of America (FCCLA), National Honor Society (NHS), as well as any other student curricular, co-curricular, and extra-curricular groups that raise funds.

- a. Selling items at tables or booths (with proper permissions) at a mall, shopping center, or individual place of business;
  - b. Operating a concession stand at a local event;
  - c. Cleaning the local football stadium of trash after home events;
  - d. Waiting on tables one night a year at a local restaurant for the tips;
  - e. Asking a local business (such as a restaurant) to donate a percentage of its profits on a designated day of each year to the club.
7. If fundraising is used by an activity group, a community service alternative must be offered to members who cannot or will not undertake the fundraising activity. The alternative project must be safe, available to any member, and must earn the student as much "credit" as would the fundraising. (For instance, if the alternative activity is picking up trash on school grounds, the students must be informed that "X" hours of the activity is the equivalent of selling "X" dollars' worth of the goods or services being sold.) Any typical "Eagle Scout" project will probably be appropriate as an alternative activity to fundraising. Make sure that the alternative is not punitive in nature.
8. People purchasing goods or services from a member of a student activity group must be provided with all relevant information about how the funds will be used. For example, "the money raised by this project will help send four members to our national conference."
9. Give thoughtful consideration to allocation of a percentage of all funds raised to a common pot. It is reasonable to use the district's population of students who receive free or reduced-price lunch (F/R) as a starting point. For instance, if a district has a F/R population of 43%, some percentage close to – perhaps within ten points of – 43% is a good guideline for the amount of funds raised by each student to go to the common pot. The remaining percentage may be credited to the student specifically based on the other guidance given above. Again, the amount credited may not be given to the student, but is used to fund participation of that student in an approved event.

Here's an example of putting this to action: ABC Community School District has a F/R student population of 43%. The District's DECA group wants to raise funds to send five members to its national conference. ABC's school board has approved a set of criteria for determining which five students go, including points for the criteria in paragraph 3 herein. Those points are 2/3 of the determination of who goes to the national conference. A fundraiser determines the other 1/3. Students are offered the chance to sell pizzas (every \$50 sold = 1 point) or to participate in the District's "Adopt a Highway" ditch clean-up effort (every hour = 1 point). The ABC school board has determined that 45% of all funds raised by all student activity groups goes into that group's "common pot." Lola sells \$100 worth of pizzas, gaining 2 points. If she is selected to go to the conference, \$55 (\$100 - \$45) of what she earned is directly allocated to the costs of sending Lola to the conference.