

# School-Based Enterprises (SBE)



## Entrepreneurial Education Funds

There have been many questions regarding business started either by students or by the school district related to instruction in the classroom. The following guidance should clarify what can and can't be done due to financial restrictions or Iowa Code.

<https://www.legis.iowa.gov/docs/code/298A.pdf> (Entrepreneurial education funds 289A.15)

Highlights are as follows:

1. Students cannot be paid for work
2. A public school cannot run a for-profit enterprise
3. A public school cannot compete with private industry (taking away unfair competition at a lower expense by using students for labor, public equipment, etc.)
4. Equipment and machinery that is donated to a school becomes publicly owned equipment. Public equipment can't be used for private benefit
5. Even if the school-based enterprise is run at a breakeven level, there is still a benefit for the single business
6. The activity must have an instructional benefit for students. For example, building a home teaches students all aspects of home building. The home should be sold to the public with the money going back into the program.

In addition, the Iowa Department of Education has published [Frequently Asked Questions \(FAQs\)](#) regarding the student activities funds. Although these refer to fund raising activities, they would apply to entrepreneurial activities as well. Some of these FAQs are below:

**Question:** Does the money collected through a specific sport or activity belong to that sport or activity to be used solely for its benefit?

**Answer:** If the public is told that the proceeds would go to one specific activity or use, then the district must honor what it told the public. Otherwise, the entire Student Activity Fund is one fund under the control of the board.

Individual accounts in the Student Activity fund are for the convenience of activity sponsors to track fundraisers and club activities—they **do not** imply ownership of any monies by any entity other than the board. The board has authority to move money within that funds from one account to another as it chooses.

**Question:** What kinds of revenues belong in the Student Activity Fund?

**Answer:** Revenues to the Student Activity Fund are those moneys received by the district that are directly related to district-sponsored activities (curricular, co-curricular, extracurricular) for its students beyond the curriculum or student-initiated groups which are sponsored by the district. Revenues would include gate receipts to student activities, activity fees when fees are appropriate, student dues to student organizations sponsored by the district, fundraisers established by student groups or student activities to fund the program of that activity or other kinds of revenues directly tied to district-sponsored activities for its students beyond the curriculum or student-initiated groups which are sponsored by the district.

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**Question:** Can a district's student council, or other student group, give a scholarship to a graduating senior?

**Answer:** No, this would not be an appropriate expenditure from any student activity; doing so would be using public funds for private purposes rather than a benefit to the student activity program. It is a benefit to an individual student. The student groups should select uses that are appropriate and support the student activity itself.

*(This would apply to payments for services rendered for an entrepreneurial activity as well—monies from these activities cannot be paid to students).*