

## Oregon Legal Framework for Student Activities Funds

Oregon Administrative Rules provide guidance to school districts regarding student activity funds. OAR 581-22-717(2) (Department of Education) states:

***Student Activity Funds.*** *The school district shall prescribe the purposes for which student activity funds may be obtained and used and the role of students in management and expenditure of funds.*

The rule requires school boards to prescribe policies for student activity funds, i.e., Board Policy. Besides those included in the general fund of each district, there are other funds that may or may not fall under the jurisdiction of the district.

**Definition of Student Activity Funds:** Those funds raised or collected by and/or for school approved student groups.

These funds usually come from a variety of sources, usually from activities supplementing the co-curricular or extracurricular student activities program. Administration of these funds usually involves some student decision-making. Student activity funds may be categorized as follows:

### **A. Club Funds, which may be:**

***Academic:*** ex. speech, drama, photography, foreign language, vocational, leadership

***Special Interest:*** ex. rodeo, drill team, fishing, martial arts, skateboarding

***Special Events:*** ex. sports banquet, talent show

### **B. Class Funds, which are those designated for a specific grade level**

**C. General Student Body Funds, which pertain to the student body rather than to a club or class:** ex. Student council, executive council

While the finances of the student body are often supervised by a faculty member, the ownership of the funds is with the student body and not with the school district. The faculty member should be familiar with and follow board policy. Below is a Quiz to get you started with your knowledge of Student Activity Funds and the “Best Practices” to follow. Again, not all districts follow “best practice”, so this is a framework to get you started. Answers can be found under **Resources** at [www.oasc.org](http://www.oasc.org).

Multiple Resources used: OSBA, Matt Graves – CPA, Angie Peterman – Exec. Director of OASBO, CA FCMAT Accounting Manual, Oregon Dept. of Justice Website.

## **Oregon Student Activity Funds “Best Practices” Quiz**

Here are a few of the most frequently asked questions about handling Student Body Funds. How would you answer these questions?

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| 1. Can Student Body organizations conduct raffles?  | Yes | No |
| 2. Can Student Body organizations spend money on an item that was not budgeted?   | Yes | No |
| 3. Is it necessary to carry an inventory of Student Body supplies and equipment?  | Yes | No |
| 4. Can complimentary tickets be issued for Student Body activities?   | Yes | No |
| 5. A Student Body buys a truck, cargo trailer or a similar large item, does ownership now transfer to the district?             | Yes | No |
| 6. Can Student Body organizations deposit money in a separate savings or checking accounts?                                     | Yes | No |
| 7. Is it possible to send student delegates to state or national conventions and pay their expenses through Student Body Funds? | Yes | No |
| 8. Can Student Body organizations send flowers to a person in the hospital?   | Yes | No |
| 9. Is it possible to purchase items with Student Body funding without going through a bid process?                              | Yes | No |
| 10. Is it possible to purchase trophies and other awards with Student Body funds?   | Yes | No |
| 11. Can the Parent Associations sponsor fund raising activities in the name of the school and retain funds?                     | Yes | No |
| 12. Can citizens or groups donate funds to the Student Body for scholarships?   | Yes | No |
| 13. Is student approval required for all Student Body purchases?  | Yes | No |
| 14. Can a principal / advisor overrule a student authorized purchase?   | Yes | No |
| 15. Can the Associated Student Body hold a fundraiser for a scholarship fund?   | Yes | No |
| 16. Can Associated Student Body funds be used to pay for students to attend summer camps?                                       | Yes | No |
| 17. Are formal purchase orders required for all Student Body expenditures?  | Yes | No |

# Oregon Student Body Funds “Best Practices”

## Quiz

### ANSWER KEY based on Best Practice

*\* Districts may have their own policies in place that may be different than the “best practice” answers here. It’s always best to check with your district financial manager and be aware of what your district policies are regarding student body funds.*

- 1. Can Student Body organizations conduct raffles?** Yes  No

This is a very iffy area that’s best to avoid if possible. You are not allowed to conduct raffles in which \$\$ is the prize, such as a 50/50 raffle. You can conduct a raffle with a donated prize. It’s best to check with your district policy and the Oregon Dept. of Justice before conducting your event to make sure it is one that is allowed. There should be a clear purpose on who the money is being raised for, and a written plan of the procedures used to conduct the raffle.
- 2. Can Student Body organizations spend money on an item that was not budgeted?** Yes  No

Legally Yes, however it’s not a best practice. It’s best to set a budget and have a process in place to amend it if needed.
- 3. Is it necessary to carry an inventory of Student Body supplies and equipment?** Yes  No

It is not necessary on consumables or smaller items. It is a good idea and important to have an inventory on larger items. Anything over \$200 for insurance purposes. This could easily be a student secretaries job and kept up in a simple spreadsheet.
- 4. Can complimentary tickets be issued for Student Body activities?** Yes  No

If it’s a ticketed event, tickets should be pre-numbered and there should be documentation on how many there are. It’s best practice to TRACK complimentary tickets and to whom they were given and why. At least two people should be accountable for the form. Tickets should be treated as cash.
- 5. A Student Body buys a truck, cargo trailer or a similar large item, does ownership now transfer to the district?** Yes  No

If it belongs to the school it therefore belongs to the district.
- 6. Can Student Body organizations deposit money in a separate savings or checking accounts?** Yes  No

The district is responsible for ensuring that ASB funds are safeguarded at the school site and deposited in the bank in a timely manner; for maintaining adequate ASB financial records and financial transactions. In order to maintain control of the funds, it’s important to go through the proper channels that are maintained by a district/school business manager.
- 7. Is it possible to send student delegates to state or national conventions and pay their expenses through Student Body Funds?** Yes  No

The key here is “How will the information gained benefit students back at school?” What’s the ROI (Return on Investment) going to be? How will they share the information gained upon their return. It’s best to have the request/plan submitted in writing and approved by the students so it can be budgeted.

<p><b>8. Can Student Body organizations send flowers to a person in the hospital?</b></p> <p>It's best practice to not open this door. \$\$ collected and/or fundraised is supposed to have a clear purpose on how it's going to be spent. If it's not fundraised for a specific purpose and/or charity then it should be something that benefits a group of current students.</p>	Yes	No
<p><b>9. Is it possible to purchase items with Student Body funding without going through a bid process?</b></p> <p>Yes. However, large purchases \$5,000+ may require a formal bid process. Certain types of contracts are exempt from bidding requirements. The student body should contact the district's purchasing manager to verify whether their larger contracts must follow a bid process.</p>	Yes	No
<p><b>10. Is it possible to purchase trophies and other awards with Student Body funds?</b></p> <p>Yes, awards can be bought with ASB money. They should be reasonable, not too large. No cash gifts can be given. Follow district policy regarding gift cards.</p>	Yes	No
<p><b>11. Can the Parent Associations sponsor fund raising activities in the name of the school and retain funds?</b></p> <p>Fundraising activities need to be in the name of the group sponsoring the event and clearly state where the money is going. Example: "Car Wash sponsored by the Smallville PTA representing Smallville Elementary School."</p>	Yes	No
<p><b>12. Can citizens or groups donate funds to the Student Body for scholarships?</b></p> <p>It's best to consult your district policy regarding scholarships. Often scholarship accounts need to go through the district depending on the type of scholarship.</p>	Yes	No
<p><b>13. Is student approval required for all Student Body purchases?</b></p> <p>OAR 581-22-717(2) DOE Rule on Student Activity Funds</p> <p>While policies for management of these funds are needed to protect school district Employees and the students' cash assets, they should not be unduly restrictive. Components of a management system for these funds should include:</p> <ol style="list-style-type: none"> <li>1. A faculty advisor for each activity who is guided by board policy and administrative Procedures</li> <li>2. Elected student officers</li> <li>3. Financial Reports (monthly or bi-monthly)</li> <li>4. Annual audit</li> </ol> <p>** School employees cannot make decisions on expenditure of student activity funds except to prohibit such when they are illegal or in conflict with Board policy, etc .</p>	Yes	No
<p><b>14. Can a principal / advisor overrule a student authorized purchase?</b></p> <p>Ultimately the principal/site administrator has definitive responsibility for all activities at the school site. Local school leaders should be encouraged to suggest innovative ASB practices, ASB fund-raisers, and ASB management operations that will promote the general welfare, morale and educational experience of the students. Successful ASB management is a collaborative effort between and among students, student leaders, teachers, activity directors, advisors, school site leaders, and the district's central office. There should be a process, explanation and documentation of why a student authorized purchase was overruled.</p>	Yes	No

- 15. Can the Associated Student Body hold a fundraiser for a scholarship fund?** Yes No  
All fundraisers should be clearly communicated on where the money is going and what it is being fundraised for. All money fundraised must go to the purpose stated.
- 16. Can Associated Student Body funds be used to pay for students to attend summer camps?** Yes No  
Same answer as #7
- 17. Are formal purchase orders required for all Student Body expenditures?** Yes No  
It's best practice to have a process and to follow the process but not necessarily "required". It's best to research what is your district policy and follow the process they have in place.

## Frequently Asked ASB Fund Questions:

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Some of these questions have been emailed to OASC, some are from the CA FCMAT manual and others from online. If you have a question that needs answered and added – please email [sara@oasc.org](mailto:sara@oasc.org)

**Q: Our class wants to set aside funds for a five year reunion. Is there a proper way to hold money for the activities of a class after it has graduated?**

A: No. Funds for Alumni groups are not allowed because of the overriding precept that the funds raised by students should be used on behalf of those students while at the school.

**Q: Can an ASB pay for substitute teachers?**

A: Generally, the ASB cannot pay for substitute teachers because this cost is the responsibility of the district, unless the substitute is required because the teacher is attending an activity organized and funded by the ASB.

**Q: Our students want to host a teacher appreciation lunch for all the teachers in the school. I understand ASB funds cannot be used to pay for faculty costs. Is there a way we can do this?**

A: You are correct, the students cannot pay for this with funds from ASB accounts because it could be considered a gift of public funds. However, if a parent group, donor and/or restaurant is willing to purchase the food for a teacher appreciation breakfast/lunch the students could serve the food and act as the hosts. This way, there is no gift of public funds, yet the students are able to participate with the outside financial assistance.

**Q: Our high school principal asks our student council to set aside \$1,000 every year in a “Principal’s Discretionary Account” for him to make certain expenditures. We don’t know what these funds are used for. Is this allowable?**

A: No. This is not allowable. The ASB funds are to benefit the students, and expenditures must be preapproved by the students.