

Crowdfunding

AASBO Local School Financial Management Program
Best Practices for Local School Finance
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CROWDFUNDING



Crowdfunding refers to the practice of raising money by soliciting individuals/groups to support a project or cause, typically via the internet.

Examples of Crowdfunding

- Donors Choose
- Adapt-A-Classroom
- Classwish
- Livingtree Give (formerly Edbacker)
- LeanStream
- GoFundMe

Potential Problems with Crowdfunding

- Lack of oversight and control
- Liabilities to school district
- Fees/Costs to school
- Potential violation of board policy
- Potential violation of Alabama Ethics Law



Potential Benefits of Crowdfunding

- No door-to-door student sales
- Teachers do not have to collect & receipt money or distribute items (saves time)
- Allows classrooms and schools the ability to expand its reach beyond their local communities
- Easier to track fundraiser progress
- Companies often support these types of fundraisers



Donors Choose

5 DONORS \$127 STILL NEEDED \$187 GOAL expires Jan 20 5

Eye Can See Clearly Now, the Risk Is Gone

Help me give my students the eye protection they need for science experiments!

My Students

Our school serves students in grades kindergarten through fourth and provides rigorous academics, fantastic teachers and a safe learning environment. We are a Title One school which means we serve students from low-income/high poverty areas. Teaching can be challenging enough under the best circumstances, but many of our students have the added worries of stressed or absent parents, being hungry or just having too many responsibilities in the home. They may be growing up fast, but they're still just kids.

When my incredible, fourth graders can log on to a computer for endless learning or get up and move around for hands-on learning, they do it with contagious exuberance!

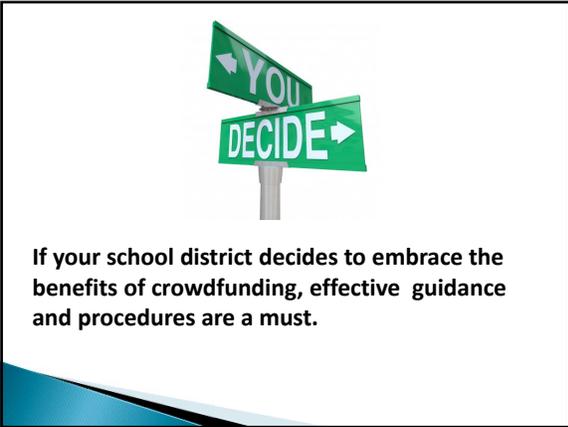


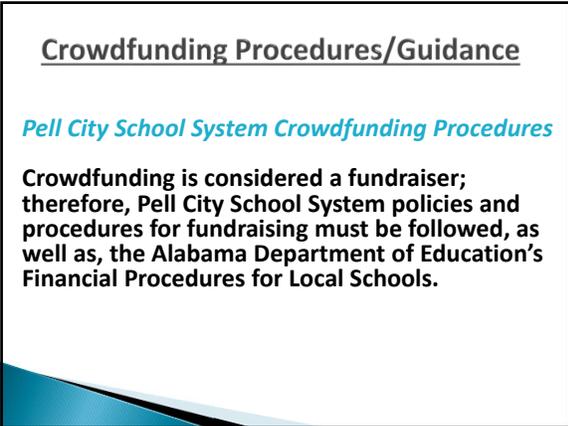
Mrs. Kreitein

Grades 3-5

Eden Elementary School
Pell City, AL
More than half of students from low-income households







Crowdfunding Procedures/Guidance

- A Fundraiser Request form must be completed and approved by the Principal **prior** to starting or posting any information for a crowdfunding campaign. This includes posting information on social media.
- The Principal, sponsor, and bookkeeper should understand the terms of the crowdfunding operation prior to the start of the campaign. A timeframe should be established which determines the start and end date of the campaign/project, and once complete, it should be removed from the crowdfunding site and social media.
- No crowdfunding accounts may be established in an individual teacher/staff member's name. **All crowdfunding accounts must be set up under the school's name and address.**

Crowdfunding Procedures/Guidance

- All monetary donations should be recorded by the school bookkeeper in the accounting system at each school. No school banking information should ever be given out. A check should be requested to be mailed to the school **in the name of the school**, not an individual person.
- Any non-monetary items (supplies, equipment, etc.) received are the property of the PCSS, and all inventory procedures apply.
- All materials and equipment purchased through crowdfunding campaigns are the property of the Pell City School System and should be handled according to the policies and procedures for materials and equipment. The materials and resources may move with a teacher from classroom to classroom within the building as long as the item has not been physically attached to the building.

Crowdfunding Procedures/Guidance

- If the crowdfunding project includes hardware, software, or web-based subscription purchases, prior approval must be received from the District's Technology Coordinator.
- If the crowdfunding project includes land improvements, building improvements, repairs, renovations, or construction of buildings or facilities on school property, prior approval must be obtained from the Facilities Director and Superintendent.
- If the crowdfunding campaign includes a reward program, all monetary and non-monetary items received are the property of PCSS.

Crowdfunding Procedures/Guidance

- When selecting a crowdfunding option, be mindful of the possible disadvantages such as fraud, scams, **ethics violations**, high fees, etc. Research all crowdfunding options and be sure they are legitimate prior to completing a Fundraiser Request Form. *A violation of the Alabama Ethics Law occurs when an employee uses his/her official position or office for personal gain. This can occur if an employee receives monetary or non-monetary benefits that are not recorded on the school's books.*
- When posting pictures/videos/images of any students or staff, all PCSS policies and procedures must be followed.
- A file is to be maintained at the school with the written project details, copies of all agreements, and a final report of the campaign.

Crowdfunding Procedures/Guidance

***Important note: Donation requests are also considered a fundraiser and must be approved by the Principal. All donations received by the teacher must be recorded on the school's books and are the property of the PCSS.**

The Alabama Ethics Law for Public Employees

The Alabama Ethics Law contains the rules and responsibilities that set forth the proper practices of ethical behavior for public employees and public officials in the state of Alabama. Employees of Alabama public schools are considered to be public employees of the State of Alabama. State legislative laws governing Alabama are located in The Code of Alabama, 1975. The Alabama Ethics Law is specifically located in Chapter 25 of Title 36 of The Code of Alabama, 1975.

Ethics Violation (Section 36-25-5) Use of official position or office for personal gain. Section 36-25-5 of The Code of Alabama prohibits any public employee from using his employment position for personal gain. Personal gain is defined as a benefit received by the public employee, his family members, or a business with which he is associated. The illegal benefit may be monetary or non-monetary. Personal gain can result from the use of public equipment; therefore, public school employees may not use or direct their subordinates to use public equipment for a personal benefit. This section of the law also prohibits a public employee from soliciting anything of value from a subordinate or a business for which he contracts with in his official capacity for the school system. School system purchasing agents may not receive gifts or rewards for purchasing from particular vendors; any free items or perks received would be the property of the school system.

The Alabama Ethics Law for Public Employees

Mandatory Reporting

The Alabama Ethics Law contains mandatory reporting requirements for certain types of positions held by public employees. According to Section 36-25-17 of The Code of Alabama, all governmental agency heads (Principals, Superintendent, Chief School Financial Officer) must report any matters or issues known to violate the ethics law to the Alabama Ethics Commission within ten days of discovery of the violation. While the agency head is not required to prove such violations, he is required to cooperate with commission investigations and hearings, which may be public or private in nature. As long as the report was made in good faith, no consequences are imposed on the agency head when the investigation renders no violation; however, **failure to report a known possible violation can result in criminal liability for the agency head.**

Example: If an administrator discovers that an employee has not followed the fund raising procedures, the administrator may be required to report the employee to the Ethics Commission if the employee does not provide documentation that all funds received were used for the students whom the fund raiser was intended to benefit. Even if the administrator receives the requested documentation, the situation will need to be evaluated to determine if it should be reported to the Board under the Fiscal Accountability Act. In addition, if an employee sets up an individual account in his/her name, there may be individual tax implications related to the funds raised.

Questions??

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