

## **Guidance on PTA Spending and Hiring Issues Montgomery County Council of PTAs**

### **What can PTAs pay for?**

Each local PTA makes their own decisions through the approval of their general membership with regard to spending their funds. Guidance is available from the National PTA. We encourage you to keep the following in mind as you make funding decisions within your community:

#### **Excerpt from the National PTA:**

"PTA funds raised by PTA members belong exclusively to PTA and can only be used for purposes approved by its members through the budgetary and amending process. Approved uses of funds should be in line with the mission and objectives of the PTA body as a whole..."

PTAs are not an additional funding resource for goods, services, and payroll for public schools. School funds should be supplied by governmental entities. PTAs advocate for the adequate funding of schools from governmental sources. They do not replace funds not supplied by governments... " [See [www.pta.org/3685.htm](http://www.pta.org/3685.htm)]

#### **Excerpt from MCPS Policy CND, *School-Related Fund Raising*:**

**At the time this document was written, Policy CND was under review. Please check for any revised language.**

Parent groups are not expected to raise funds to support specific programs or purchase materials to enhance the instructional program. MCPS students are not expected to raise funds.

Recognized Purposes for School-related Fund Raising:

- a) Supporting activities of school organizations or clubs
- b) Supporting activities that benefit the student body
- c) Providing supplemental funds to help defray the costs of optional activities that enhance MCPS programs
- d) Providing supplemental materials or equipment that enhance the instructional program or the administrative functions of the school
- e) Providing supplemental support for staff to participate in professional development activities

**For more on appropriate expenditures for PTAs, see the Maryland PTA guidebook, *Cash Encounters - Guide for Money Management*, provided each year to all PTAs.**

### **Can MCPS teachers provide after-school activities?**

Yes. MCCPTA encourages local PTAs to sponsor after-school activities as a way of enriching the educational experiences of our students. Teachers can be a resource for providing enrichment activities. But there are some limitations on how to do so. (See MCPS Policy BBB, *Ethics* and Regulation GCA-RA, *Employee Conflict of Interest*.) The easiest way for PTAs to sponsor teacher-led afterschool activities is to coordinate the program with the school principal. Teachers are paid stipends for additional work outside of the school day. The PTA can provide the funds to the school to pay those stipends for after-school activities. Note that PTAs should obtain membership approval for a general "after-school programming" sponsorship either through adoption of a yearly budget (with the program as a line item) or through approval at a meeting which has met quorum. (See your bylaws.) PTAs are encouraged to utilize a grant format when providing the school with funds for afterschool programming. The grant can stipulate that unused funds are returned to the PTA at the end of the year.

### **Why fund after-school programs through the school and not just pay the teacher directly?**

Paying the teacher directly becomes problematic. The easier method is to sponsor after-school activities that are identified as a school program but funded by the PTA. The PTAs can "grant" the funds for general "after-school programming" and MCPS utilizes the MCPS payroll system and stipend pay rates.

In the case of outside organizations providing after-school activities in which school staff is involved, ethical issues arise including the issue of financial gain. So, if PTAs pay teachers of the school to provide a non-school program and the teacher is profiting, there is a conflict of interest. It is the responsibility of MCPS to monitor ethical practices and for MCPS staff to comply with applicable policies and regulations. If you are unsure whether your proposed program would be in compliance, work with your principal and central office staff to ensure it is. If the after-school

activity teacher is not a teacher at that school, and the program is clearly not a school program, the sponsoring PTA would be responsible for all fees, payroll items, etc.

As important is the onus placed on our PTA volunteers. Frankly, there is enough paperwork involved in just maintaining a PTA's 501(c)3 status. Hiring employees means W-4, W-2, and I-9 forms, withholding taxes, workers' compensation, and a plethora of other responsibilities. Many PTAs have rationalized that they are hiring independent contractors. Caution! The IRS has identified 20 factors to determine if a person should be considered an employee or an independent contractor. A PTA unit can be held liable for an individual's taxes that should have been withheld, as well as any applicable penalties. Finally, if the individual being hired as an independent contractor meets the requirements, the responsibility of filing Form 1099-MISC still remains for payments of more than \$600 during a calendar year.

One more thought... each PTA must give careful consideration to entering into any kind of contract. As PTA membership changes each year, one year's PTA should never obligate a future PTA to any contract or financial responsibility.

### **How is sponsoring an after-school program different from paying a teacher directly?**

When PTAs pay for a program, they are not paying a salary. Rather, they have contracted with a company or organization for a specific activity or service. Examples include Hands on Science classes, FLES classes, Mad Science, cultural arts programs, etc. Thus, PTAs are not hiring employees and are not taking on an employer's responsibilities. So again, PTAs can approve (and fund) the sponsorship of an after-school program that is administered by the school or other organization. Caution should be exercised if the organization is owned or operated by MCPS staff....again, the ethics issue as outlined in Policy BBB – *Ethics and Regulation GCA-RA, Employee Conflict of Interest*.

### **Regarding in-school time, can PTAs pay for additional teachers or aides?**

No. It is against the law in Maryland. Further, PTA is constantly advocating for adequate public funding of schools for ALL children. To have individual school PTAs fund teachers or aides would be the ultimate contradiction and undermine all that PTA is.

### **Any chance PTAs can fund substitute teachers so that classroom teachers can attend training or professional development?**

Simply put, National PTA does not recommend local PTA units pay salaries to anyone for any reason. Again, see above for many of the reasons. MCPS does include in Policy CND that school-related fund raising may be used to provide "supplemental support for staff to participate in professional development activities." However, that is the MCPS policy and not the PTA practice. If a PTA does decide (and approve) to use funds for staff/professional development, you would be encouraged to use a "grant" of funds to the school for the purpose of hiring staff development substitutes.

### **If the school has an activity not sponsored by the PTA, can the PTA collect the funds and write checks for the activity on behalf of the school?**

No. This is called commingling of funds and is illegal. The PTA can help facilitate the activity but all funds must be deposited into the school account. All income must be reported on an annual financial report and if required, must also be reported on tax filings.

### **Finally, what about EQUITY???**

Providing for all children is the goal of National PTA and should be the same for our local PTAs. While each of us focuses on our own children's school, it's important to realize that all the students in Montgomery County are "our" children. Time and time again, we see some PTAs flourishing with active, effective volunteers and incredible fundraising capacities, and other PTAs...not so much. We encourage those PTAs who are blessed with volunteers and funding to reach out beyond their own community and assist other schools who are in need. Again, all children can benefit from programs sponsored by PTAs. Think globally...or at least Montgomery County...and help us meet the needs of each and every child. Helps us advocate for enough funding so that all schools are able to offer extracurricular activities to benefit every child.