



Reducing School Liability

Keeping an Eye on PTOs, Booster Clubs, & Other Fundraising Groups

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Many school administrators are under the impression that when it comes to PTOs, booster clubs, and other school fundraising groups, turning a blind eye is the best approach. The thinking goes that by getting involved, the school will be “guilty by association.” Other school administrators try to have it “both ways” requiring, for example, boosters to have their fundraising events and budgets approved by the school, later claiming that the school is not liable for the approved activities. Both approaches fail, and may increase, rather than decrease, schools’ liability.

School fundraising can feel like the “wild west” with most PTOs and booster clubs managed by a handful of parent volunteers. They may have no training, no guidebook, and turnover yearly, taking the “corporate history” of the booster club with them. This is no way to run a business; school fundraising is big business, with over \$4.5 billion raised annually to support K-12 schools. While most school fundraising groups are independent legal entities, your school is associated by default with these fundraising groups. So how do you manage the liability—and the wild west—associated with school fundraising groups?

The best practice when it comes to schools and the fundraising groups that support them, is to (1) conduct appropriate due diligence, (2) provide appropriate guidance, and (3) outsource the training and compliance. Here’s how:

- 1. Conduct due diligence.** Ignorance about your booster clubs’ compliance with state and federal fundraising rules is not an excuse when things go wrong. Before you accept money or other in-kind donations from a booster club, you should ensure that they are following the rules. These include having 501(c)(3) federal tax-exempt status, their own EIN, and completion of state corporate, charity (fundraising), and sales tax registrations. [Parent Booster USA’s \(PBUSA\) BoosterCheck](#) website lets anyone—parent, donor, teacher, or school administrator—quickly see if a school fundraising group is registered with the IRS as a 501(c)(3) allowed to solicit donations. It’s likely the school principal would like to know the boosters’ status before someone else does the checking.
- 2. Set clear (and appropriate) guidelines.** The [BoosterCheck](#) website also provides standard best practice guidelines for how to structure and operate a booster club. Incorporating these guidelines into the school requirements for community fundraising groups, or simply referencing these guidelines for your boosters, makes good sense and may reduce your liability. Too often, school booster requirements are overbroad (e.g. require the principal to review and approve the booster budget, but later say the school is not liable for the budget it approved). Inappropriate or overbroad guidelines can increase, rather than decrease, schools’ liability.
- 3. Outsource training and compliance.** A good strategy when it comes to liability is to have

someone else to blame. Using a third-party service to review your boosters' compliance with state and federal rules, and providing training on financial controls and other requirements, reduces the likelihood schools will get blamed when a booster goes bad. Far better than the "they're-independent-and-so-we-did-nothing" approach, is the "we-outsourced-compliance-to-others" response.

BoosterCheck is an incredible service for schools, parents, and the public to learn about state and federal fundraising rules and compliance. Parent Booster USA also is offering to do a complete booster check-up on all the fundraising groups operating in your district for any school district that has booster clubs join Parent Booster USA. PBUSA can also provide your district with free training that covers best practices for booster club operations, including financial controls and theft prevention techniques. **(Did you know that more than a \$1 million is stolen each year from booster clubs?)** Reduce your school's risk by trying out BoosterCheck today.

Sandra Pfau Englund, Esq. is a practicing attorney, author of [School Fundraising: So Much More than Cookie Dough](#), and founder of Parent Booster USA. Learn more about Sandy at sandrapfauenglund.com.