



A Tradition of Stewardship  
A Commitment to Service

# **NAPA COUNTY GRAND JURY**

## **2008-2009**

### **Final Reports on**

### **FUNDRAISING ACTIVITIES BY SCHOOL PTA/PARENT CLUBS AND BOOSTER CLUBS**

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## NAPA COUNTY GRAND JURY

P.O. BOX 5397

NAPA, CALIFORNIA 94581

March 24, 2009

The Honorable Raymond A. Guadagni  
Presiding Judge  
Superior Court of the State of California  
County of Napa  
825 Brown Street  
Napa, CA 94559

Dear Judge Guadagni,

Pursuant to Section 933(a) of the California Penal Code, the 2008-2009 Napa County Grand Jury submits to you its Final Report on Fundraising Activities by School PTA/Parent Clubs and Booster Clubs. Our investigation of this subject was conducted in a manner consistent with the California Penal Code, this Court's Charge, and the historic role of the Grand Jury – to protect the interests of the citizens of Napa County.

This is the second in a series of final reports we will be issuing before our term ends. I would like to acknowledge the hard work and dedication of the Grand Jury which our report reflects. It is a privilege and a pleasure to work with them.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "W. Trautman".

William E. Trautman  
Foreperson  
2008-2009 Napa County Grand Jury



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A Commitment to Service

## **NAPA COUNTY GRAND JURY**

**P.O. BOX 5397**

**NAPA, CALIFORNIA 94581**

To the Citizens of Napa County:

In order to fulfill the Grand Jury's mandate to investigate all branches of government, to be assured they are being administered efficiently, honestly, and in the best interest of Napa County's citizens, the 2008-2009 Grand Jury investigated fundraising activities within the St. Helena Unified School District (SHUSD) and the Napa Valley Unified School District (NVUSD).

Public school fundraising activities are conducted by school PTA/Parent Clubs, Booster Clubs and by student organizations. Fundraising activities provide a significant source of income for school programs, with some booster clubs raising tens of thousands to over one million dollars per year. This Grand Jury investigation focused on school district responsibility with respect to PTA/Parent Club and Booster Club fundraising in the high schools. The Grand Jury applauds the efforts of parents and supporters who contribute their time, effort, and money into making these supplemental funds available for school programs.

The Grand Jury found the SHUSD deficient in the area of prescribing and enforcing rules relative to PTA/Booster Club fundraising and the NVUSD deficient in the area of enforcing their policies.

NVUSD regulations specifically state: "Student participation in fundraisers must be voluntary and may not influence academic credit or grades, or limit a student's access to school-related activities." In one documented incident, this policy was violated and fundraising activities were assigned as a graded homework assignment.

The Napa County Counsel's Office has reviewed this final report on Fundraising Activities by School PTA/Parent Clubs and Booster Clubs and the Presiding Judge of the Napa County Superior Court has certified that the report complies with Title 4 of the California Penal Code. The report has also been accepted and filed as a public document by the County Clerk.

Copies of this report are available for your review in the Napa City/County Library and online by following the link to Grand Jury at <http://www.napacourt.com/>. We hope you find our report enlightening.

Respectfully submitted,

The 2008-2009 Napa County Grand Jury

# FUNDRAISING ACTIVITIES BY SCHOOL PTA/PARENT CLUBS AND BOOSTER CLUBS

*The governing board of each school district shall prescribe and enforce rules not inconsistent with law, or with the rules prescribed by the State Board of Education, for its own government.*

California Education Code 35010(b)

## SUMMARY

In order to fulfill the Grand Jury's mandate to investigate all branches of government, to be assured they are being administered efficiently, honestly, and in the best interest of Napa County's citizens, the 2008-2009 Grand Jury investigated fundraising activities within the St. Helena Unified School District (SHUSD) and the Napa Valley Unified School District (NVUSD).

The Grand Jury found the SHUSD deficient in the area of prescribing and enforcing rules relative to PTA/Booster Club fundraising and the NVUSD deficient in the area of enforcing their policies.

Public school fundraising activities are conducted by school PTA/Parent Clubs, Booster Clubs and by student organizations. Fundraising activities provide a significant source of income for school programs, with some booster clubs raising tens of thousands to over one million dollars per year. This Grand Jury investigation focused on school district responsibility with respect to PTA/Parent Club and Booster Club fundraising in the high schools. The Grand Jury applauds the efforts of parents and supporters who contribute their time, effort, and money into making these supplemental funds available for school programs.

NVUSD regulations specifically state: "Student participation in fundraisers must be voluntary and may not influence academic credit or grades, or limit a student's access to school-related activities." In one documented incident, this policy was violated and fundraising activities were assigned as a graded homework assignment.

With respect to PTA/Parent Clubs and Booster Clubs, SHUSD policy states "All gifts shall be given to the school district, and not to a particular school"; this policy is not enforced. SHUSD policy also states that "...the Superintendent or designee shall establish appropriate internal controls for the relationship between school-connected organization and the district." The Grand Jury found essentially no written internal controls regarding school-connected organizations and the district.

Unlike the SHUSD policy, NVUSD policy permits PTA/Parent Club and Booster Club fundraising to benefit a school as a whole or an individual class or school program. NVUSD written policies provide very specific guidance for internal controls regarding school-connected organizations and the district. However, despite the fact that the current policies have been in

force since 1996, the Grand Jury found that school teachers and administrators had very little knowledge of NVUSD Board Policies and Administrative Requirements regarding fundraising. As a result, there was a virtual lack of compliance with these directives in the District. During the course of Grand Jury's investigation, some substantive changes were made at a NVUSD high school with respect to compliance with the existing requirements.

## **BACKGROUND**

Student fundraising activities are defined as those conducted for and by students. Both SHUSD and NVUSD administrative personnel advised the Grand Jury these activities are carried out in their respective districts in accordance with the provisions of the Associated Student Body (ASB) guidelines. State law mandates annual outside audits of these funds. Copies of these audits for the period ending June 30, 2007, from both school districts were provided to the Grand Jury. The Grand Jury notes that although the ASB guidelines specify each school is to develop its own comprehensive ASB manual with detailed local procedures, no manuals were made available to the Grand Jury.

PTA/Parent Clubs and Booster Clubs are private organizations that raise funds for school activities. The ASB recommends that these organizations be formally organized as not-for-profit, 501(c)(3) entities, and most of those associated with the SHUSD and NVUSD are so organized. Because the PTA/Parent Clubs and Booster Clubs are not Napa County entities, the Grand Jury does not have investigative responsibility for their operation. However, because these organizations raise funds from the general public in the name of public schools, school districts are mandated to exercise some supervisory functions. For example, the California Education Code, Section 51521, requires that any person soliciting funds for the benefit of any public school or the student body of any public school receive prior written approval of the governing board of the school district. The Grand Jury investigated the interface between the SHUSD and NVUSD and their respective PTA/Parent Clubs and Booster Clubs.

## **METHODOLOGY**

SHUSD and the NVUSD are both governed by a series of school district Board Bylaws (BBs), Board Policies (BPs) and Administrative Requirements (ARs). They make use of the California School Board Association (CSBA) GAMUT™ computerized policy information system to maintain and provide on-line access to these policies. The GAMUT™ system provides a uniform numbering system and general content while allowing each school district to tailor the specific requirements of their BBs, BPs, and ARs to the needs of their district. In preparing for this investigation, the Grand Jury reviewed the public access GAMUT™ documents for the NVUSD and SHUSD with particular emphasis on fundraising policies. The GAMUT™ system BBs, BPs, and ARs for each district may be accessed through their respective internet web sites.

The Grand Jury conducted interviews with district administrative personnel, high school administrative personnel, faculty, booster club officials, and parents of students. The Grand Jury requested that schools provide fundraising information required by school district Board Policies and Administrative Requirements regarding fundraising activities by school-related organizations (PTA/Booster Clubs).

## Publications/Documents Reviewed:

- California Education Code (related to fundraising)
- California Penal Code (related to lottery, raffle)
- Accounting Procedures for Student Organization, School Business Administration Publication #3 of the California State Department of Education
- Associated Student Body Accounting Manual and Desk Reference, 2007
- Napa Valley Unified School District Board Bylaws, Board Policies and Administrative Requirements (related to fundraising)
- Memorandum, Napa High School to Grand Jury, Subject: Requested Information, dated October 24, 2008
- Vintage High School data provided in response to the Grand Jury request
- 510(c)(3) Federal Income Tax returns for Napa High School, Vintage High School and St. Helena High School related parent organizations and booster clubs (public records only)
- Various correspondence provided to the Grand Jury.

## DISCUSSION

### Fundraising

Fundraising activities provide a significant source of income for school programs, with some booster clubs raising tens of thousands to over one million dollars per year. The Grand Jury applauds the efforts of parents and supporters who contribute their time, effort, and money into making these supplemental funds available for school programs.

Fundraising in general and specifically fundraising for public entities raises unique concerns. First, when funds are raised in the name of an organization, the organization should be aware of the fundraising activity. In the case of public schools, such awareness is mandated by the California Education Code. Second the community, acting through elected school board members, should decide what are appropriate uses of private funds. For example, when does the greater good of the district take priority over the desires of a booster club to fund a specific program? It is common practice for parent groups to solicit “grant requests” from the teachers and make internal decisions on which to fund. In some cases, no one except the teacher and the parent group are even aware of the grant. Athletic booster clubs, on the other hand, frequently make block grants to a school and the school then distributes the funds to the various athletic programs on the basis of a pre-determined percentage system. Public school fundraising activities must be transparent. Parents and other contributors to public education fundraising activities should be able to determine how much money was raised and how it was spent.

The Grand Jury has the right to review and comment on whether the school district follows their established rules with respect to parent groups and booster clubs. While the activities of parent groups and booster clubs are not within the Grand Jury’s mandated area of responsibility per se, the interface between private fundraising groups and public school entities does fall within the Grand Jury’s purview. This Grand Jury investigation focused on school district responsibility

with respect to PTA/Parent Club and Booster Club fundraising in the high schools within the SHUSD and the NVUSD.

SHUSD and NVUSD have Board Policies which state the “Grades will be based on academic achievement only...”. Despite these policies, the Grand Jury found one specific incident of “fundraising for grades” and anecdotal evidence of other occurrences of “extra credit” or other academic inducements in support of fundraising activities. Over-enthusiastic fundraisers have exerted undue pressure on students to support fundraising goals.

Finally, it is prudent in any endeavor which involves handling of significant funds to establish transparent accounting and control procedures. It is safe to conclude that existing sections of the California Education Code, California Penal Code, and school board policies and administrative requirements related to fundraising were enacted, in part, to minimize the recurrence of financial mismanagement.

## St. Helena Unified School District

In addition to the California Education Code (51521), the SHUSD Board Policy (BP) 1230, current revision adopted May 15, 2008, and relating to Community Relations states in part: “...any school connected organization that desires to raise money to benefit any district student shall submit a request for authorization to the Board, in accordance with Board policy and administrative regulation.” BP 1321, current revision adopted May 15, 2008, and relating to Community Relations states in part: “With the prior written approval of the superintendent or designee, official school-related organizations may organize fund-raising events involving students.” The Grand Jury requested the written authorizations for PTA/Parent Club and Booster Club fundraising however no documents were provided.

The SHUSD BP 3290, current revision adopted February 8, 1966, and relating to Business and Noninstructional Operations, states in part: “All gifts, grants and bequests shall become school district property. All gifts shall be given to the school district, and not to a particular school. At the Superintendent or designee’s discretion, a gift may be used at a particular school”. District and school administrators acknowledged this policy is not enforced because, ironically, enforcement would impair the success of restricted gift fundraising.

In general, the parent/booster club fundraising activities are to benefit a particular school and in some cases individual classes. The Grand Jury learned that starting with the 2008-2009 academic year at St. Helena High School, teacher grant requests for the Parent Group were reviewed and prioritized first by each school department. The department heads then meet with the Principal and prepare an integrated school priority list. This integrated list is then presented to the parent group. Although St. Helena High School does not ultimately exercise any control over the grants made by the parent group, at least an attempt is being made to identify the priorities in a systematic manner.

Section 35010(b) of The California Education Code states in part: “The governing board of each school district shall prescribe and enforce rules not inconsistent with law, or with the rules prescribed by the State board of Education, for its own government”. SHUSD BP 1230 (cited

above) states in part: "...the Superintendent or designee shall establish appropriate internal controls for the relationship between school-connected organizations and the district." SHUSD BP 3400, current revision approved May 15, 2008, and relating to Business and Noninstructional Operations states in part: "The Superintendent or designee shall provide regular reports to the Board on the status of the district's internal control procedures and recommend any necessary revisions to related Board policies or administrative regulations." The Grand Jury found no written internal controls relating to the relationship between school-connected organizations and the District other than the general policies noted above. Since no written, detailed fundraising procedures exist relative to school-connected organizations and the District, the Grand Jury has no bench mark with which to evaluate SHUSD performance in this regard. More importantly, however, the SHUSD has no criteria with which to monitor the solicitation and distribution of significant amounts of money raised in the name of the district and its schools.

The SHUSD administration notes that fundraising Board Policy is currently available to parents/guardians on line. However, following a review of District fundraising policies, this information will be promulgated to fundraising organizations and parents/guardians in an appropriate manner.

## Napa Valley Unified School District

Unlike the SHUSD, the NVUSD has detailed procedures governing fundraising activities by PTA/Parent Clubs and Booster Clubs. These procedures closely parallel the ASB requirement for student fundraising activities and most date to December 19, 1996, when the CSBA GAMUT™ computerized policy information system was implemented by NVUSD. Presumably these policies reflect the CSBA recommended wording. NVUSD board policy (BP1321) permits PTA/Parent Club and Booster Club fundraising to benefit a school as a whole or an individual class or school program but at the same time the District has policies and administrative requirements which provide guidance for these activities. Unfortunately, there was a widespread lack of knowledge among school officials and faculty regarding the existence and/or content of these policies and administrative requirements.

The Grand Jury requested fundraising documentation from Napa High School (NHS) and Vintage High School (VHS) which their respective PTA/Parent Clubs and Booster Clubs are required to provide on an on-going basis. Neither school had these documents available. The Grand Jury found no evidence that District policy was enforced with respect to requiring the submittal of this information. At the request of the Grand Jury, both schools obtained the required documentation from the applicable organizations and it was provided to the Grand Jury. NHS implemented an ongoing strategy for the collection and filing of PTA/Parent Clubs and Booster Clubs fundraising financial data during the Grand Jury's investigation.

In the fall of 2007, a NHS instructor assigned a fundraising activity for homework in direct violation of at least two Board polices: one relating the Grades/Evaluation of Student Achievement (BP 5121) and one governing Solicitation of Funds From and By Students (AR1321). The students were graded on how successfully they had met assigned fundraising goals. This egregious situation was brought to the attention of school and District administrators by a concerned parent. The practice was stopped and the Grand Jury obtained written

verification that the homework assignment grade was ultimately removed and did not impact any of the student's semester grades. Both NHS and the District took action once the situation was identified, but only because of the persistent and well documented action on the part of the student's parents. During the investigation, the Grand Jury heard additional anecdotal stories of "extra credit" for fundraising, but none that could be documented. The Grand Jury believes that academic inducements for students to meet fundraising goals is an on-going problem in both the NVUSD and the SHUSD, and that policies prohibiting this activity should be strictly enforced.

The NVUSD has approximately 550 board policies and administrative requirements covering virtually every aspect of District operations. Understandably, not everyone within the District can be cognizant of the details of all these documents, nor do they need to be. However, the Grand Jury found almost universal ignorance on the part of District personnel regarding fundraising policies with respect to PTA/Parent Clubs and Booster Clubs.

The NVUSD administration notes that fundraising Board Policy is currently available to parents/guardians on line. However, the District will specifically provide information on fundraising activities to both fundraising groups and parents/guardians, probably with other general information provided at the beginning of each year.

## **FINDINGS**

The 2008-2009 Grand Jury finds that:

1. At least one long-time NHS instructor failed to comply with NVUSD BP 5121 and AR1321 regarding the prohibition against the assignment of grades for fundraising activities.
2. The GAMUT™ system BBs, BPs, and ARs for both the NVUSD and SHUSD may be accessed by the general public through their respective Internet web sites.
3. District specific ASB Manuals do not exist in either the SHUSD or NVUSD.
4. Internal controls for the relationship between school-connected organization and the District required by SHUSD BP 1230 and California Education Code 35010(b) do not exist.
5. SHUSD BP 1321 regarding advance permission for fundraising by PTA/Parent Clubs and Booster Clubs is not enforced.
6. The SHUSD BP 3290 regarding assignment of all gifts to the District is not enforced.
7. NVUSD personnel were generally unaware of NVUSD BP 1230, BP 1321, and AR 1321 policies regarding fundraising by PTA/Parent Clubs and Booster Clubs when the Grand Jury began its investigation.
8. NHS implemented an ongoing strategy for the collection and filing of PTA/Parent Clubs and Booster Club financial information during the Grand Jury's investigation.
9. Both SHUSD and NVUSD have committed to promulgating fundraising policy information to the appropriate fundraising groups as well as parents/guardians.
10. Parents and supporters of the SHUSD and NVUSD contributed their time, effort, and money to supplement the funds available for school programs

## **RECOMMENDATIONS**

The 2008-2009 Grand Jury recommends that:

1. The NVUSD and SHUSD institute periodic briefings to teachers/instructors regarding the prohibition against the assignment of grades for fundraising activities.
2. SHUSD and NVUSD develop district specific ASB Manuals.
3. SHUSD establish detailed written internal controls for the relationship between school-connected organization and the District as required by SHUSD BP 1230 and an audit program to monitor compliance be established.
4. SHUSD BP 1321 regarding advance permission for fundraising by PTA/Parent Clubs and Booster Clubs be enforced and an audit program to monitor compliance be established.
5. SHUSD BP 3290 regarding assignment of gifts to the District be reviewed and updated as necessary to reflect the wishes of the District and that when this review/update has been completed the resultant policy be enforced.
6. NVUSD teachers, instructors and administrative personnel who are involved at any level with fundraising by PTA/Parent Clubs and Booster Clubs receive continuing instruction on the requirements of NVUSD BP 1230, BP 1321, and AR 1321.
7. The NVUSD institute periodic audits of schools for compliance with BP 1230, BP 1321, and AR 1321 record keeping.

## **COMMENDATIONS**

The 2008-2009 Grand Jury commends the parents and supporters of SHUSD, NVUSD, and all Napa County educational institutions for the generous gift of their time, effort, and money to supplement the funds available for school programs.

## **REQUEST FOR RESPONSES**

The 2008-2009 Grand Jury requests responses from:

1. The SHUSD for Recommendations 1, 2, 3, 4 and 5
2. The NVUSD for Recommendations 1, 2, 6 and 7

## **GLOSSARY**

AR---Administrative Requirement (district school board)

ASB--- Associated Student Body Accounting Manual and Desk Reference

BB---Board Bylaw (district school board)

BP---Board Policy (district school board)

CSBA---California School Board Association

FCMAT---Fiscal Crisis and Management Assistance Team

GAMUT<sup>TM</sup>---CSBA Computerized Policy Information System

NHS---Napa High School

NVUSD---Napa Valley Unified School District

SHUSD---St. Helena Unified School District

VHS---Vintage High School

**NAPA COUNTY  
GRAND JURY**

**2008-2009**

**Final Report on**

**NAPA CITY-COUNTY LIBRARY**

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