

Who Decides How to Raise and Spend Money?

Some of the hardest financial decisions a PTA Board must make often come toward the end of the year. Perhaps you did not send as many people to the PTA convention as you had planned. Can you use that money for something else? Or say you brought in more revenue than expected; can it be used on an unbudgeted project? Or what if your revenue was less than expected and you don't have enough funds to cover the expenses projected in the budget, or a specific expenditure or two have exceeded what was budgeted? What do you do?

The power to decide where the money goes in a PTA truly rests with the entire membership. The Board has the duty to carry out the decisions of the membership and must operate within the budget approved by the membership. The budget, however, is a working document which estimates revenue and expenditures and should be adjusted when those estimates are not exactly correct.

Should you be in a situation where you need to reduce or eliminate planned expenditures, or if any expenditures have exceeded their allocation on the approved budget, or you have more money to spend than you thought, it is necessary for the Board to present a budget amendment to the membership for a decision. This may slow things down when the Board wants to make a fast decision, but the Board has an obligation to operate within its bylaws. If the members of a PTA voted to raise money to buy playground equipment, the Board does not have the right to spend the money for something else, without first obtaining approval from the membership. Likewise, if you raised more money than expected, it is up to the entire membership to decide how that money is spent, not the Board.

If prior notice is given, budget amendments can be approved by a majority vote of the membership present and voting at any general meeting where quorum is established, or by a 2/3 majority if notice is not given.

Lastly, what do you do if you have excess funds at the end of the year? There is no ruling from the IRS or the PTA that limits the amount of money that a PTA may carry over to the next budget year. Every PTA should try to leave sufficient funds for the beginning of the next year so that the new PTA does not find itself in a situation where it cannot cover the start up expenses for the new school year. No PTA Board has the authority to write checks to the school or for any unbudgeted items to "clean out" the accounts. All expenditures must be approved by the general membership at a meeting.

Another thing to remember is that a PTA one year cannot obligate the next year's PTA to spend money for a particular project. Funds not spent in one fiscal year are included in the new year's budget to be approved by that PTA membership. If that PTA chooses not to follow the ideas of their predecessors, that is their right