

BUDGETING

One of the duties of the treasurer is to develop, with the executive committee, an annual budget to be approved by the local PTA membership at the first general membership meeting of the year. The budget is the PTA's road map for the year. The budgeting process should be taken seriously. However, it does not need to be complicated.

The treasurer is the **chair** of the **budget committee**. The president is a member of the budget committee, as are other elected officers or general members as either elected or appointed by the president. The budget committee will develop the budget and then propose it **to the entire executive committee** for their approval, after which it will be presented **to the general membership** for their approval.

Developing the Budget

The budget committee should begin the budgeting process during the transition period, after the new officers have been elected. The goals of the PTA for the year should be established first, and then decisions can be made about how to raise the needed funds. To create a budget proposal, the following information should be considered:

- ♦ Prior year financial records
- ♦ Needs assessment results
- ♦ Input from each commissioner and/or program chair

The estimated expenses of every program, project, and activity should be determined, along with any anticipated

related revenue (for example, with a book fair). The budget should also include general and administrative costs, especially for leadership training (such as the Utah PTA Leadership Convention). Sources of revenue will include membership dues (local portion only) and contributions, as well as fundraising projects. Both the funds carried over from the previous year and the amount of money to be carried over to the subsequent year should be identified.

Sample PTA Budget Proposed Budget 20__ - 20__	
Current Balance Forward from 20__	\$7,059.00
INCOME	
Fundraiser	\$10,250.00
Membership dues	\$525.00
School t-shirts	\$200.00
Box Tops	\$600.00
Donations	\$1,000.00
Sales Tax	\$250.00
TOTAL INCOME	\$19,884.00
EXPENDITURES	
Community Involvement	
Teacher Appreciation Week	\$750.00
PTC Dinners	\$575.00
Volunteer Luncheons	\$100.00
Education	
Kindergarten Orientation	\$50.00
AR Program	\$950.00
Reading awards	\$1,000.00
Family Life	
Father-Son night	\$600.00
Mother-Daughter night	\$600.00
Fall Carnival	\$1,200.00
Grandparents Day	\$250.00
Health	
Maturation	\$200.00
Physical Fitness Awards	\$800.00
Health Fair	\$200.00
Safety	
Ribbon Weeks	\$800.00
DARE	\$250.00
General and Administrative	
Leadership Training	\$400.00
Valentine Treats	\$250.00
Bank Charges	\$120.00
Membership Drive	\$100.00
Supplies	\$450.00
TOTAL EXPENDITURES	\$9,645.00
BALANCE TO MOVE FORWARD	\$10,239.00

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School t-shirts	\$200.00
Box Tops	\$600.00
Donations	\$1,000.00
Sales Tax	\$250.00
TOTAL INCOME	\$19,884.00
EXPENDITURES	
Community Involvement	
Education	\$1,425.00
Family Life	\$2,000.00
Health	\$2,650.00
Safety	\$1,200.00
General and Administrative	\$1,050.00
TOTAL EXPENDITURES	\$9,645.00
BALANCE TO MOVE FORWARD	\$10,239.00

A *Proposed Budget Worksheet*, located in Appendix Two: Tools, may be helpful in this process.

The budget should be general and flexible enough to meet the changing needs of the PTA. Establishing categories for both revenue and expenses is recommended, individually listing only those items greater than ten percent of the total budget. Budget categories can be organized by commission, with more detailed information for executive committee use only. The PTA may consider including a phrase such as "Revenues received in excess of budgeted amounts will be carried over to the subsequent year" on the budget.

Approving the Budget

Once the proposed budget is approved by the executive committee, it **must** be approved by a **majority vote of a quorum** of the membership at the first general membership meeting (such as Back-to-School Night). The number needed for a quorum can be found in your bylaws and is usually at least ten members. The treasurer might present the budget item by item, either by distributing a copy of the proposed budget to each member or projecting it on an overhead or via computer at the meeting. Members should have the opportunity and the time to ask questions before voting on the proposed budget.

The motion to approve the budget is made as follows:

- ♦ The treasurer could make the motion: “I move that the budget be approved as proposed.”
- ♦ If the motion comes from the budget committee, no second is required.
- ♦ The president asks: “Are there any (further) questions or discussion?”
- ♦ After discussion and questions, the president calls for the vote: “If there is no further discussion, we will take the vote on the motion to approve the budget as proposed. All in favor, please say aye. All opposed, say nay.”
- ♦ The president then reports on the result of the vote: “The motion to approve the proposed budget has passed (failed).”

A **majority vote** of the general membership is required for approval, with at least a **quorum in attendance** as specified in the bylaws. (Most local PTA bylaws specify that ten members constitutes a quorum; see Article IX, Section 8.) The secretary must take minutes at this meeting to document the approval of the budget. A copy of the approved budget and the minutes of the general membership meeting where it was approved must be submitted **to the council president/treasurer or region director/treasurer by September 15**.

The approved budget gives the board of directors authorization to spend the PTA’s funds in accordance with that budget. Committees and committee chairs receive authorization to proceed with a project or to spend funds from the board of directors. No committee or committee chair should ever obligate the PTA to a program, project, or activity—or any obligation, financial or otherwise—without the approval of the board of directors. No officer is authorized to spend funds that have not been approved by the membership. **All expenditures must have been approved through the budgeting process.**

Amending the Budget

Because the budget is only an estimate or approximation, it is likely that changes will be necessary during the year. (For example, if a fundraiser is more or less successful than anticipated or if a situation or opportunity arises that had not been considered when the original budget was created.)

Changes or amendments to the budget during the year **must** be approved by a vote of the membership. PTA funds belong to the membership. No other group or individual—including the president, the treasurer, the executive committee, the school principal, and the school community council—may make financial decisions alone.

Any **substantial change (10%)** to the budget must be approved by a two-thirds vote of a quorum of the membership (or a majority, if prior notice of the vote was given).

- ♦ The amendment must occur prior to any additional funds being disbursed.
- ♦ The vote may be taken at any regular general membership meeting or at a special meeting called for that purpose.
- ♦ The number of members required for a quorum is defined in the bylaws.

The motion to amend the budget is made as follows:

- ♦ The treasurer could make the motion: I move that the budget be amended to... “ (e.g., add \$100 to Health and Safety; transfer \$175 from Education to Individual Development; provide that the \$3000 in fundraising revenue received in excess of the budgeted amount be carried forward to the 2022-2023 fiscal year).
- ♦ Unless the motion comes from committee, a second is required: “I second the motion.”
- ♦ The president asks: “Are there any questions or discussion?”
- ♦ After discussion and questions, the president calls for the vote: “If there are no further questions, we will take the vote on the amendment to [read the original motion]. All in favor, please say aye. All opposed, say nay.”
- ♦ The president then reports on the result of the vote: “The proposed amendment to the budget has passed (failed).”

Carryover or Reserve Funds

Emergency reserve funds are considered an integral part of each PTA’s planning and budgeting process. An emergency reserve fund is intended to serve as a means to retain financial stability in the event of unforeseen developments. Maintaining a small savings account and/or carryover balance will allow for efficient management of funds as well as provide funds to carry on programs until the next opportunity for revenue.

The amount of the carryover or reserve fund will vary according to each PTA’s size and needs. National PTA has suggested that the reserve not exceed one-half of a PTA’s budget for an average year, but each PTA can establish its own policy. **No IRS regulation or other federal law specifies a carryover limit.**

If the revenue sources for one year bring in more money than was anticipated, it can readily be carried forward, giving the next year’s officers the opportunity to have limited fundraising or even no fundraising at all. No one has the authority to write a check to the school or anyone else for unbudgeted items to “clean out” the PTA account. The purpose of fundraising is to run PTA programs; the PTA is not the fundraising arm of the school.

PTAs without a sufficient carryover or reserve fund should work to build one over time.

Board Designated Funds

PTAs will sometimes identify projects for which it is necessary to accumulate funds over a period of time, or for which it wants to allocate funds in order to maintain the project. In such cases, the board should vote to designate a specified amount of carryover money be set aside for a specific purpose. For example, a motion could be made that “Sample High PTSA set aside \$___ of carryover funds to finance the continuation of the _____ project next year.” It is recommended that the motion approving the designation also be voted on by the general membership.

Generally, such a designation will only be effective when there is continuity in the leadership. The future board(s) will decide whether or not to continue the designation. There is no time limit on how many years funds can be carried forward, as long as the membership approves raising funds for the project each year.