

GUIDELINES FOR THE BUDGET AND FINANCE CHAIRMAN AND COMMITTEE



The budget and finance committee develops a budget to meet the needs of the PTA which includes programs and activities. After the PTA has adopted the budget, the budget & finance chairman is responsible for assuring that PTA money is disbursed in accordance with the budget, presenting necessary amendments to the budget at executive board and general meetings, and keeping all expenditures within the line item amount of the budget. **Remember any changes to the budget must be approved (voted on) by the general membership.**

COMPOSITION: Refer to the bylaws to determine whether the budget and finance committee should be elected or appointed. The committee usually consists of members knowledgeable about the PTA's needs, proficient in bookkeeping and accounting, and experienced in planning a budget. The treasurer, past treasurer, and ways and means chairman should be members of this committee. The president is an ex-officio member.

Since fund-raising is not the primary objective of the PTA, the committee should focus on the PTA Purposes, and begin the year with the appropriate goals before deciding on the dollar amount needed. Fund-raising should reflect the high principles of the association. It should have educational, social, cultural, or recreational value in itself. Never undertake any form of fund-raising that may be detrimental to character building (such as gambling). When children take part in fund-raising events, their role should be either a natural outgrowth of their school experiences (book fairs) or a constructive leisure-time activity (fun fairs). Children should never be exploited or used as fund-raisers, especially as door-to-door salesmen.

PROCEDURE:

1. The budget committee should meet and plan the budget prior to the close of the current fiscal year. **DO NOT WAIT UNTIL FALL TO DO THIS PLANNING.**
2. Treasurer's records and copies of last year's budget should be available for guidance in planning the new budget. However, do not let past practice limit your planning for the new year.
3. The committee should take into consideration the funds needed for approved programs and projects, leadership development, and committee and officers' expenses.

ADOPTING THE BUDGET:

1. Present the proposed budget to the executive board meeting for input and approval for presentation to the general membership.
2. Present the approved budget at the first regular meeting for consideration and ADOPTION by the PTA members. This presentation is made at a meeting where a quorum is present. A majority vote of the members present and voting is required for adoption. The chairman says, "I move the adoption of the proposed budget for the _____ fiscal year." The chairman then presents the budget, line by line, for explanation, discussion, and possible amendments.

AMENDING THE BUDGET

Since the budget is only an estimate of the planned expenditures for the year, it may be necessary to amend it from time to time. When there are additional expenses, or change in an allocated expenditure, the budget may be amended by a vote of the association at any regular meeting, or at a special meeting called for that purpose. The executive board may **not** amend the budget. To amend something previously adopted, it is necessary to have a two-thirds (2/3) majority vote, or with previous notice, a majority vote.

ALLOCATION TO NEXT YEAR'S BUDGET

This amount is what is over and above what is needed for the budgeted items. It is advisable and suggested that these funds be left as part of the "cash on hand" for next year. This should be a line item in the budget adopted by the membership at a regular meeting. Per National PTA recommendations, this amount should be no more than 50% of an average annual operating budget.

EXPLANATION OF THE BUDGET

A budget is a financial guide for procuring and appropriating funds to meet the needs of the year's activities as planned by the association. Remember, as a 501(c)(3) organization, your budget should not include a profit. The anticipated income should equal the proposed expenditures – see sample proposed budget. The following suggestions of items included in a local PTA unit or council budget may be adapted to your specific needs. Note that the total income should be the same as the total expenses.

ANTICIPATED INCOME

1. CASH ON HAND are the funds left at the end of the previous PTA fiscal year and are the first income item of the current budget.
2. LOCAL UNIT PORTION OF DUES is the anticipated dues determined by estimating the number of members for the year multiplied by the local portion of dues. The local portion is determined by a vote of the general membership. (See local PTA unit bylaws.) This amount excludes the dollar amount of the Illinois PTA and National PTA dues.
3. WAYS AND MEANS PROJECTS equal the amount necessary, in addition to cash on hand and local unit portion of dues, to cover anticipated expenditures.

ANTICIPATED EXPENDITURES

1. ADMINISTRATIVE EXPENSES should cover such expenditures as liability insurance, bonding insurance, postage, telephone calls, office supplies, copy machine expenses, and record books for secretary and treasurer. If your PTA anticipates grossing \$25,000 or more, it should consider including a line item to cover the cost of a professional to prepare and file necessary IRS forms, i.e. 990EZ and Schedules.
2. COMMITTEE EXPENSES
 - a. Cultural Arts—expenses for Picture Person programs, Reflections, etc.;
 - b. Hospitality—expenses for name tags, refreshments for meetings, etc.;
 - c. Legislation—postage for mailings to legislators, etc.;
 - d. Membership—supplies, etc.;
 - e. Newsletter—cost of paper, copying, distribution, etc.;
 - f. Parent Education—materials, periodicals, etc.;
 - g. Program—expenses for speakers, publications, etc.
3. LEADERSHIP DEVELOPMENT expenditures further the work of your PTA. By sending representatives to state, region, district and council conferences and meetings, you are developing future leaders who will strengthen and enrich your PTA. **Please see Reimbursement of PTA Expenses for suggested reimbursement rates.
4. STUDENT ACTIVITIES include expenses such as field trips, graduation activities and cultural arts assemblies.
5. CONTRIBUTIONS OR DUES
 - a. Council dues according to the council bylaws, if the PTA is a member of a Council;

- b. Illinois PTA Scholarship Fund contributions, including Life Memberships, Book of Recognition Awards, Certificate of Achievement Awards, Distinguished Service Scrolls, In Memoriam Cards, T.H.A.N.K.S. Awards, and Local Unit Educator of the Year Awards.
6. CONTINGENCY OR MISCELLANEOUS FUNDS cover any unforeseen expenditure, which cannot be posted to any of the budget line items. A small amount of funds should be in this line item. The contingency line item is **not** to be used to cover overages in any of the other line items. If a line item exceeds the budgeted amount, the budget must be amended at a general membership meeting.
 7. ALLOCATION TO NEXT YEAR'S BUDGET is a reasonable amount allotted for the coming year to meet the expenses that arise before membership dues and other funds begin to be received and should not exceed 50% of the usual operating budget of the PTA.

SAMPLE PROPOSED BUDGET OF ANYTOWN PTA
FOR THE YEAR 20__-20__

ANTICIPATED INCOME

	Prior Year's Budget	Prior Year's Actual	Current Proposed
Cash On Hand	\$ 1,500.00	\$ 1,500.00	\$ 1,248.61
Local Unit Portion of dues	500.00	533.00	525.00
Ways & Means Projects	<u>3,000.00</u>	<u>4,000.00</u>	<u>3,226.39</u>
	\$ 5,000.00	\$ 6,033.00	\$ 5,000.00

PROPOSED EXPENDITURES

<u>Administrative Expense</u>			
Officers Expense	250.00	229.50	250.00
Liability Insurance	110.00	105.00	110.00
Bonding Insurance	<u>140.00</u>	<u>140.00</u>	<u>140.00</u>
	500.00	474.50	500.00
<u>Committee Expense</u>			
Cultural Arts	300.00	299.50	300.00
Hospitality	100.00	92.49	100.00
Legislation	25.00	21.75	25.00
Membership	25.00	23.00	25.00
Newsletter	100.00	97.85	100.00
Parent Education	100.00	95.50	100.00
Programs	300.00	289.00	300.00
Yearbooks	<u>50.00</u>	<u>48.75</u>	<u>50.00</u>
	1,000.00	967.84	1,000.00
<u>Leadership Development</u>			
Illinois PTA Convention	500.00	500.00	500.00
State Conferences	100.00	95.00	100.00
District Annual Meeting	100.00	100.00	100.00
School of Information	<u>50.00</u>	<u>49.00</u>	<u>50.00</u>
	750.00	744.00	750.00
<u>Student Activities</u>			
Assemblies	500.00	485.00	500.00
Graduation Activity	<u>500.00</u>	<u>497.50</u>	<u>500.00</u>
	1,000.00	982.50	1,000.00
<u>Contributions/Dues</u>			
Council Dues	100.00	100.00	100.00
IPTA Scholarship	500.00	500.00	500.00
Founders Day	<u>50.00</u>	<u>50.00</u>	<u>50.00</u>
	650.00	650.00	650.00
Contingency/Miscellaneous	100.00	75.00	100.00
Allocation to Next Year's			
Budget	<u>1,000.00</u>	<u>890.55</u>	<u>1,000.00</u>
TOTALS	\$ 5,000.00	\$ 4,784.39	\$ 5,000.00

Date Approved by Board _____ Date Adopted by General Membership _____