



Crowdfunding Classrooms

With sound policies in place, school districts can ensure that online fundraising enhances student learning



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SPECIAL REPORT

A message from the Auditor



My office has received a number of requests from school districts for guidance on using crowdfunding -- online fundraising that helps teachers and schools solicit donations of money and supplies to enhance classrooms and enrich the education of their students.

These requests prompted my office to look into the issue and conduct a survey to see how Ohio schools are using crowdfunding.

Ohio's dedicated teachers already reach into their own pockets to buy extras for their students, personally donating an average of \$600 every year, by one estimate. But online crowdfunding gives them an opportunity to reach out to contributors throughout their community and the world, generating donations that range from pencils and paper to music and sports equipment to unique classroom furniture designed to help special-needs students concentrate on learning.

Along with these benefits, crowdfunding can pose some risks, including issues of student privacy, legal liability and harm to school reputation. This report is intended to make districts aware of them and suggest ways to avoid them. We don't want teachers or administrators landing in hot water inadvertently when they're simply trying to improve their classrooms and the education they provide.

Its primary message is that school districts should have a crowdfunding policy to ensure that these online campaigns are conducted in a way that will best serve districts, teachers, students and donors.

With a sound policy in place, teachers and students can make the most of the opportunities that crowdfunding offers.

A handwritten signature in blue ink that reads "Dave Yost".

SCHOOLS AND CROWDFUNDING

Introduction

Across Ohio, hundreds of school teachers are turning to crowdfunding – raising money and educational materials through Internet-based donation sites – to provide students with additional educational resources and experiences.

Crowdfunding is a valuable resource for educators, but it also poses significant legal and reputational risks for teachers and school districts. To minimize these dangers, school boards should have policies to govern how school personnel use crowdfunding.

But a recent survey conducted by Auditor of State Dave Yost found that scores of Ohio school districts do not have policies governing teachers' use of crowdfunding, and even those that have policies might have gaps that leave them vulnerable to problems.

"Thousands of teachers and schools have found crowdfunding to be a useful tool, but it is a tool that should be used carefully," Yost said. "Many Ohio school districts have recognized this and have designed



crowdfunding policies to minimize risks. Those that haven't adopted policies should do so."

The simplest policy is to ban the use of crowdfunding, and many districts surveyed have done. But this means foregoing the potential benefits. It also might be difficult for districts to police, given the number of crowdfunding sites that would have to be monitored to ensure that district teachers aren't using them.

The other option is to adopt a policy that sets rules for the use of crowdfunding to ensure that the fundraising efforts do not violate state and federal law, that the money and education materials are appropriate for the district, and that they are properly accounted for in the district's inventory and books. The policy also should contain provisions to prevent diversion of fundraising proceeds for private use and to protect the interests of donors, who expect that their gifts will be used for the purposes they intended.

This report outlines the issues that school boards, district administrators and their legal advisers should take into account if district staff use crowdfunding.

What is crowdfunding?

Every school year, teachers across the country dig into their own pockets to buy educational supplies to enhance the teaching they do in their classrooms. By one estimate, teachers spend an average of \$600 a year of their own money to buy things that their school districts and parents don't or can't provide for students. This ranges from basics such as notebooks and pencils to specialized furniture designed to help special-needs students focus on learning.

But these personal sacrifices can do only so much. So thousands of teachers nationwide have turned to crowdfunding to seek donations of money and educational materials. Crowdfunding is the practice of funding a cause by seeking donations from the public over the Internet. It has become a popular way to raise money for community and humanitarian causes, personal medical expenses, disaster relief, business capital – and education.

Dozens of online crowdfunding sites exist, a number of them specifically designed to help teachers raise money. One well-known site called DonorsChoose says that it has helped with 600,000 classroom projects that have raised \$621 million from almost 3 million individual and corporate donors. Other familiar crowdfunding sites include AdoptAClassroom, ClassWish, EdBacker, GoFundMe, Indiegogo, Kickstarter, PledgeCents, and YouCaring.

A recent search of the DonorsChoose website showed 943 fundraising projects for classrooms across Ohio. On the same day, AdoptAClassroom showed more than 901 fundraisers for Ohio schools. It's anyone's guess how many more hundreds or thousands of Ohio classroom campaigns are being hosted by the many crowdfunding websites that are available.

The sites vary in how they handle fundraising. Some raise cash and make it available to the teacher or school. Others raise money to buy specific educational products and send those products to the school. Each has its own rules about how money and products are delivered to teachers and schools. Sites also differ in the amount of support and advice they offer to educators in setting up their crowdfunding projects.

The crowdfunding sites pay their overhead in a variety of ways, including requests for operational donations, retaining a percentage of the money raised, keeping discounts they earn by buying school supplies in bulk, or with corporate sponsors covering the administrative costs.

Typically, these crowdfunding sites provide a page devoted to each teacher's fundraising project. The page will include a narrative pitch for the fundraiser detailing how the teacher will use the money or products donated. These pitches often include photos of the classroom, the teacher and the students the donations will benefit. The page also typically includes instructions or a link for benefactors to make a donation.

Once the page is launched, teachers and students publicize it in as many ways as possible, including social media, to draw attention to the campaign and generate donations.

Crowdfunding is the practice of funding a cause by seeking donations from the public over the Internet. It has become a popular way to raise money for community and humanitarian causes, personal medical expenses, disaster relief, business capital – and education.

SCHOOLS AND CROWDFUNDING

The Survey

To get an idea of how Ohio educators are using crowdfunding, the Ohio Auditor's office emailed an anonymous 21-question survey to all Ohio school districts. The survey drew 123 responses, or about 20 percent of the state's 600-plus school districts. Respondents did not necessarily answer every question.

Of the 121 school districts that answered the question, 54 (44.6 percent) said they allow teachers to use crowdfunding. The other 67 districts -- 55.4 percent -- said they do not allow teachers to use crowdfunding.

Asked if teachers in their school district are taking advantage of crowdfunding, 122 districts responded. Of these, 45 said teachers are using crowdfunding, 46 said they are not, and 31 said they do not know.

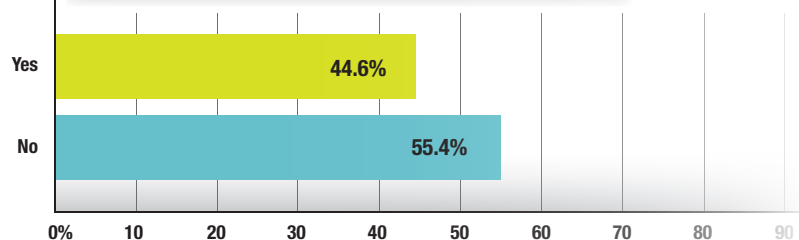
Of those reporting crowdfunding activities by teachers, 37 districts said that their teachers had initiated one to five crowdfunding campaigns in the past 12 months, nine districts reported five to 10 campaigns, and four districts reported 10-20 campaigns. Fifty-three districts reported that they don't know how many campaigns teachers might have initiated.

Asked the dollar value of crowdfunding donations raised, 15 districts said they raised between \$100 and \$500, 19 reported raising \$500 to \$2,500, and eight reported \$2,500 to \$5,000. Two districts reported raising \$5,000 to \$10,000, while two more reported raising \$10,000 to \$25,000. Another 59 districts answered the question with "Don't know."

Question 1

Does your school district permit teachers or other district staff to make use of crowdfunding to generate additional education resources?

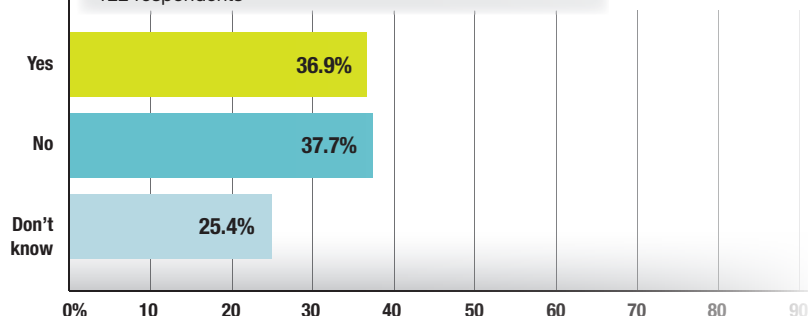
121 respondents



Question 2

Are teachers in your school district making use of crowdfunding services to raise additional resources for their classrooms?

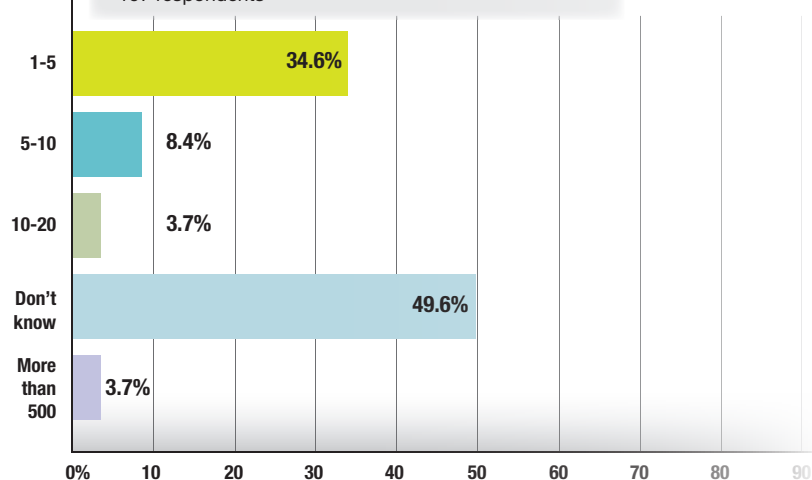
122 respondents



Question 3

How many crowdfunding campaigns have your teachers undertaken in the most recent 12 months?

107 respondents



Note: There were 0 responses to 20-30, 30-40, 40-50, 50-75, 75-100, 100-200, and 200-500

SCHOOLS AND CROWDFUNDING Liabilities

When a school district employee engages in crowdfunding, it can create a number of liabilities for the district, including legal, financial and reputational risks. Because of these risks, it is prudent for school districts to adopt a crowdfunding policy that mitigates them.

The Auditor of State's survey found that 50 districts of the 122 that answered the question have a policy governing the use of crowdfunding. But 72 said they do not. If that same percentage held for all 600 Ohio school districts, this would mean that more than half have not adopted a crowdfunding policy.

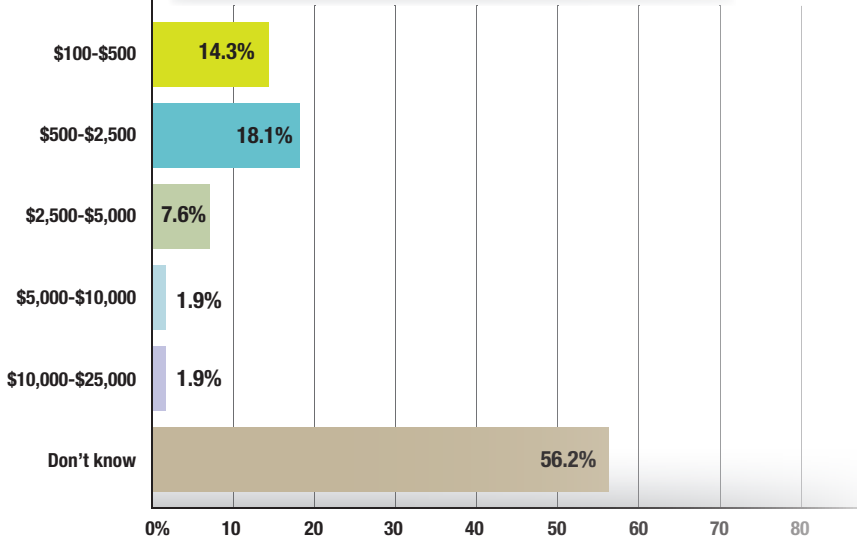
These districts might be exposing themselves to problems.

While the following discussion does not constitute legal advice, it outlines the areas that school boards and district administrators should consider in consultation with their legal advisers.

Question 4

What is the dollar value of the resources raised by your district's crowdfunding efforts in the most recent 12 months?

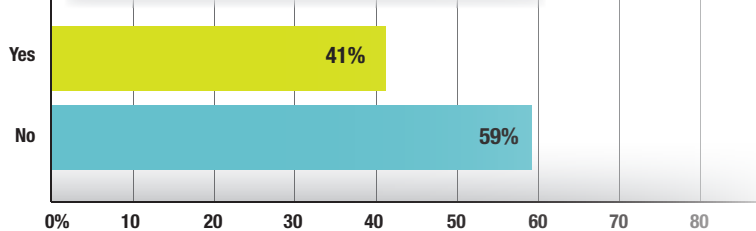
105 respondents



Question 5

Has your school board or district administration adopted a policy that governs how district staff use crowdfunding?

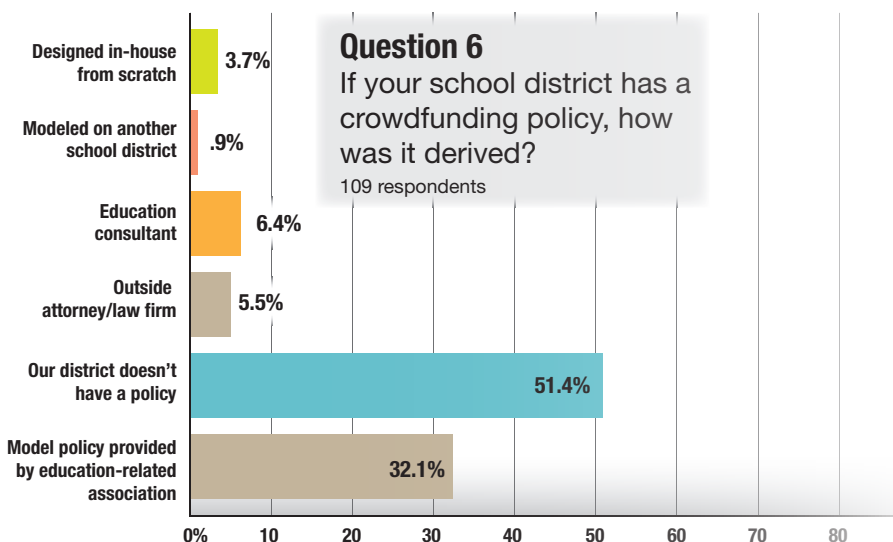
122 respondents



Question 6

If your school district has a crowdfunding policy, how was it derived?

109 respondents



SCHOOLS AND CROWDFUNDING

Student confidentiality

Federal laws such as the Family Education Rights and Privacy Act (FERPA) and the Individuals with Disabilities Education Act (IDEA) bar disclosure of confidential student information, including information that could identify a student, without consent of parents or students (if they're 18 or older). School districts that fail to adhere to these requirements risk losing federal funding.

Ohio law reinforces the provisions of FERPA in ORC 3319.321.

A crowdfunding campaign might inadvertently violate these provisions by using a classroom photo that makes it easy to identify students. Or by including a narrative that provides enough clues – age, location, learning disability, personal characteristics, information about family members – to make it possible to identify the student and reveal legally shielded information about the student.

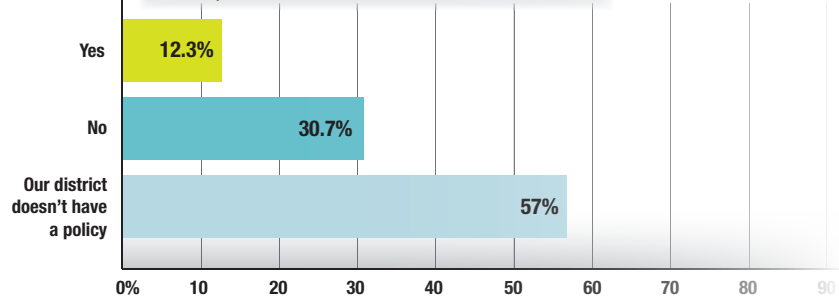
While school districts are permitted to disclose student directory information without the consent of parents or adult students, districts first must tell parents and students about the directory and give them the opportunity to opt out of disclosure.

On the AOS survey, 49 school districts with crowdfunding policies responded to a question asking

Question 7

If you have a policy, does it specify which platforms teachers and staff may use??

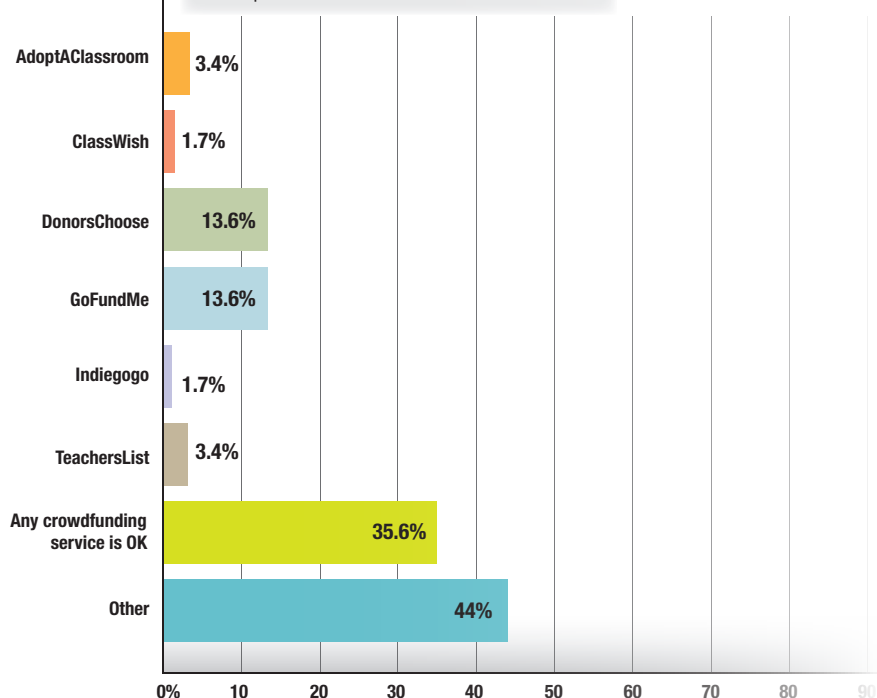
114 respondents



Question 8

If your district specifies which crowdfunding platforms can be used, which are approved?

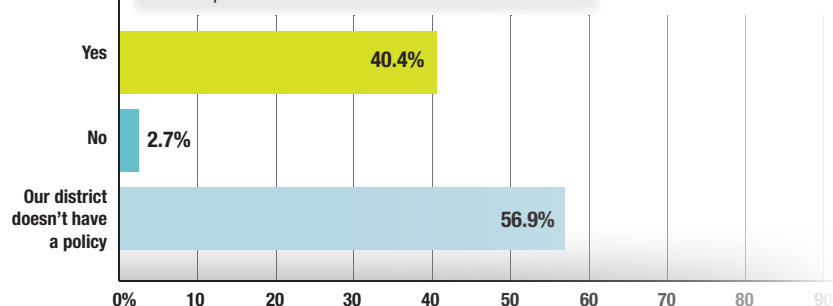
59 respondents



Question 9

If you have a policy, does it require teachers to seek approval from a principal or superintendent for crowdfunding projects?

109 respondents

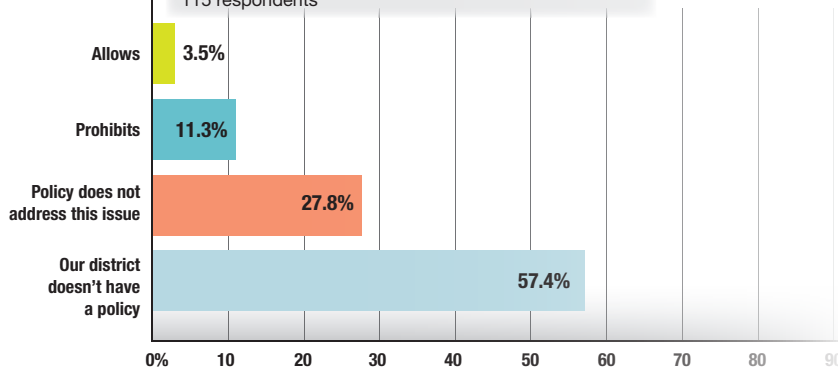




Question 10

If you have a policy, does it allow or prohibit the use of student photos as part of the appeal that appears on the crowdfunding site?

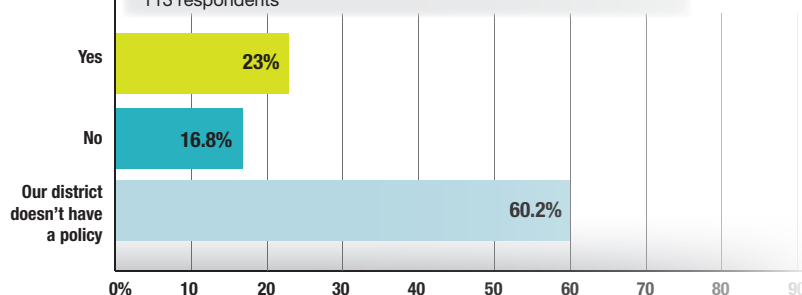
115 respondents



Question 11

If you have a policy, does it specifically address the need to avoid violating student privacy as defined by state and federal law? (FERPA, IDEA, etc.)

113 respondents



if their policy permits the use of student photos. Four said yes, 13 said no, 32 said their policy doesn't address the issue.

Forty-nine school districts with crowdfunding policies responded to a question asking if their policy specifically addresses student privacy protections. Of these, 26 said yes, while 19 said no.

One way to ensure that student confidentiality is not violated is to require that a principal or superintendent review all crowdfunding proposals before they are launched to affirm that they comply with state and federal confidentiality laws.

Of 45 responding school districts that have crowdfunding policies, 28 said administrative approval of the text and images in proposed crowdfunding campaigns is required, but 17 said they do not mandate this. Unless these 17 districts have some other procedural safeguard in place, they should correct this gap in their policy.

SCHOOLS AND CROWDFUNDING

Financial controls and accounting

Since crowdfunding involves the receipt of money or items of value, school districts and teachers should be aware of Ohio laws that govern this.

Several provisions of the Ohio Revised Code govern the receipt and disposition of money that is collected on behalf of a public entity. For example, ORC 9.38 mandates that all money received, collected by or due to a public official under color of office, or collected on behalf of a public office, must be deposited with the treasurer of that public office within a specified time.

ORC 3313.51 establishes that the treasurer of the board of education is the treasurer of all school funds. The law requires that all moneys received by the treasurer from any source whatsoever must be deposited in the timely manner established by the school board.

This is important because in the event such money is not accounted for, the treasurer could be held legally accountable for it.

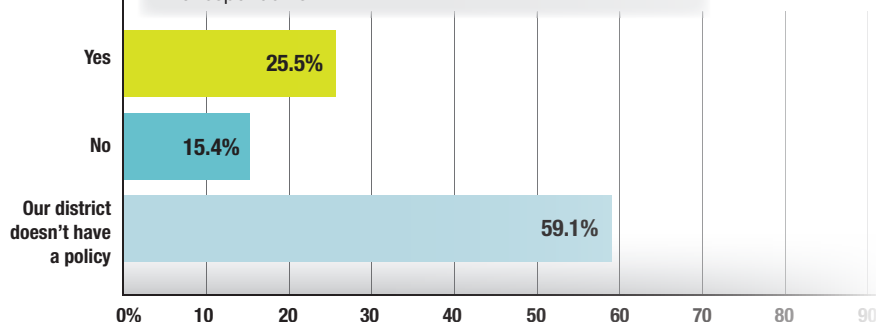
Teachers should be aware of ORC 2921.43, which prohibits public employees from soliciting or accepting any compensation for performing their official duties or for any other act or service in the employee's public capacity, or to supplement the employee's public compensation.

In any fundraising campaign, ensuring

Question 12

If you have a policy, does it require that the text and images of the crowdfunding appeal be approved by a principal or superintendent before posting?

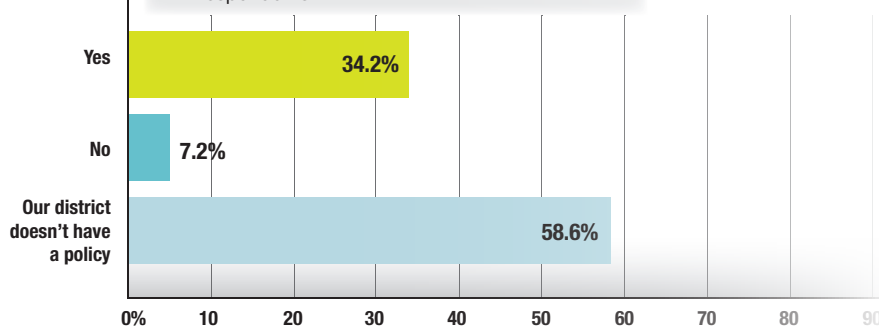
110 respondents



Question 13

If you have a policy, does it specify who owns the money or material raised by crowdfunding?

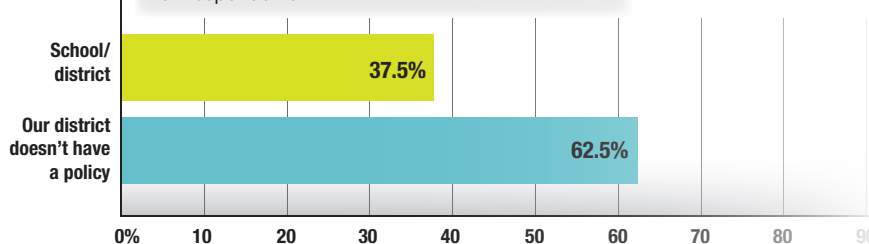
111 respondents



Question 14

If your policy specifies who owns the resources generated by a crowdfunding campaign, who does it specify as the owner?

104 respondents

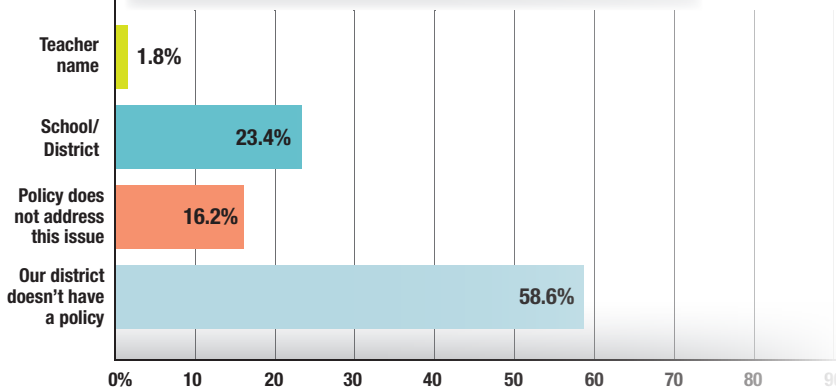


Note: There were 0 responses to "the teacher"

Question 15

If you have a policy, does it allow teachers to create crowdfunding accounts in their own name or does it require that accounts be in the school/school district name?

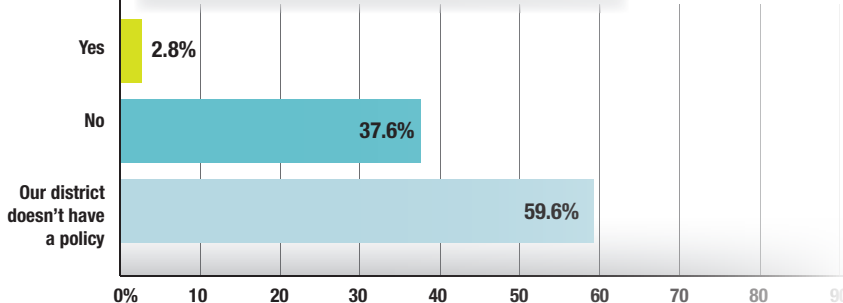
111 respondents



Question 16

If you have a policy, does it allow crowdfunding donations to be sent directly to the teacher, rather than to the school/school district?

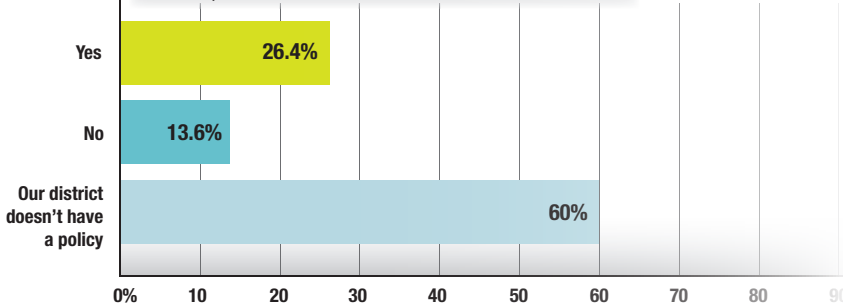
109 respondents



Question 17

If you have a policy, does it specify that all donations of material and cash be documented in the school district's books and inventory so that they will be subject to audit?

110 respondents



that the donations go to the intended beneficiaries and are not diverted for personal gain is important. Some crowdfunding sites prevent diversion of donations for private use by sending money and materials directly to the school or school district, not directly to a teacher. But some sites will send donations directly to teachers. This creates the potential for an unscrupulous school employee to launch a crowdfunding campaign in the name of a school or classroom, then to pocket the proceeds.

A school district's crowdfunding policy should mandate that campaigns be registered in the name of the school. Further, the policy should specify that the resulting donations are the property of the school district and should be paid directly to the school or the school district, not to the teacher who proposes the crowdfunding campaign.

Finally, Ohio Attorney General Opinion No. 1985-085 specifies that "moneys donated to a board of education are available for the use of the board, in accordance with the terms of the donation." Therefore, crowdfunding donations should be used for the purposes stated in the crowdfunding campaign, as long as those purposes are lawful and don't undermine the authority of the school board.

The AOS survey found mixed results on these issues.

Asked if their crowdfunding policy mandates that all donations are the property of the school district, all 39 districts that responded said yes. This is good and should be a fundamental provision in every crowdfunding policy.

But when asked if their crowdfunding policy allows donations to be sent directly to a teacher, three of 44 districts said yes. That poses a fundamental financial control problem, since it opens the door to the misuse of the donations.

Asked if the policy requires that all donations be documented in the school district's books or inventory, 29 of 44 districts said yes. But 15 said no, again posing a financial or inventory control problem. Unless cash donations are deposited in school district bank accounts and in-kind donations are entered into the school district inventory, they are subject to theft and misuse.

SCHOOLS AND CROWDFUNDING

Reputational risks

Any time a teacher uses the name, logo and other symbols of a school or school district as part of a fundraising campaign, the school has a vital interest in ensuring that the campaign does not reflect badly on the school. This reason alone should be incentive enough for district officials to enact a crowdfunding policy to ensure that crowdfunding activities pose no threat to the district's reputation and credibility.

Some pitfalls are less obvious.

Erin D. Gilsbach, an attorney and former education official who has written and spoken extensively about teacher crowdfunding has outlined several other potential dangers of crowdfunding. In one example, a teacher made a crowdfunding pitch for donations to buy iPads to help her students communicate. Without the iPads, the teacher wrote, the students' inability to communicate "has led to some discipline issues."

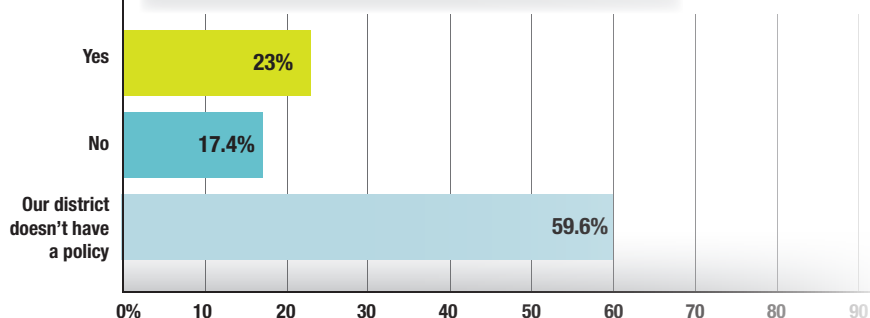
Gilsbach warns that disciplining students for their inability to communicate could draw federal scrutiny of the school's compliance with the Individuals with Disabilities Education Act.

In several cases cited by Gilsbach, teachers made crowdfunding pitches for educational materials that implied that the school was failing to supply the resources they were legally obligated to provide to help students achieve their Individualized Education Program

Question 18

If you have a policy, does it prohibit the use of the school district name, logo, mascot and related identifiers without the approval of the superintendent or other district administrator?

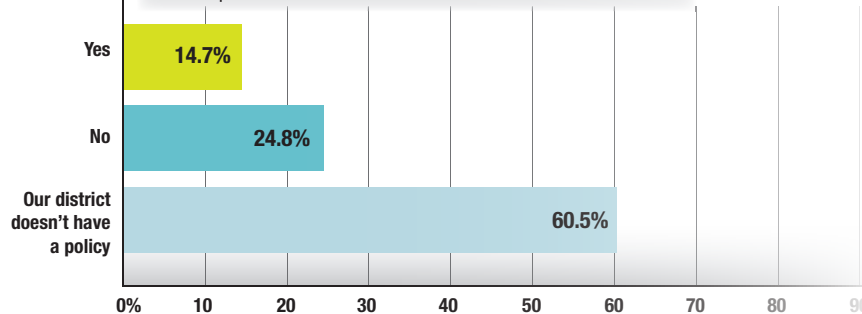
109 respondents



Question 19

If you have a policy, does it require that all crowdfunding donations be approved and accepted by the school board?

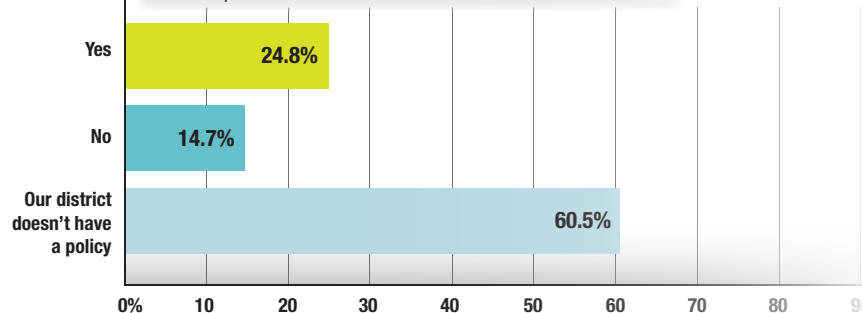
109 respondents



Question 20

If you have a policy, does it require that donations of goods be compatible with the district's educational plan, educational philosophy, its IT systems and with other district policies?

109 respondents



goals. This too, could draw federal scrutiny as a potential violation of IDEA.

A similar concern arose with another teacher, who wrote of the need for classroom cleaning and hygiene supplies because her autistic students were incapable of caring for themselves, leading to a classroom that becomes “filthy and germ-ridden by the end of the day.”

Even if such crowdfunding narratives don’t draw official scrutiny and penalty, they certainly risk damaging a school district’s reputation.

Question 21

What resources do these crowdfunding efforts seek?

55 respondents

RESOURCE	%
Cash	32.73
Textbooks	7.27
Books other than textbooks (fiction, nonfiction, picture books, periodicals)	34.55
Computers/digital tablets, Kindle, iPad, Surface tablet, calculators, etc.	34.55
Computer apps and services	18.18
CDs and DVDs	9.09
Audio-visual equipment (televisions, printers, projectors, cameras, speaker systems, headphones, etc.)	18.18
Office supplies (pens, pencils, crayons, markers, paper, scissors, hole-punches, staples, tape, etc.)	16.36
Art supplies (paint and other media, brushes, canvas, art paper, easels)	21.82
Library supplies (other than books)	12.73
Supplemental educational materials (wall hangings, charts, flashcards, whiteboards, etc.)	29.09
Music supplies such as sheet music, music CDs, subscriptions to online music download services	12.73
Uniforms (sports, band, cheering squad, etc.)	5.45
Sports equipment (balls, baseball bats, racquets, cheering squad equipment, etc.)	7.27
Sports-related expenses for travel and accommodations	1.82
Musical instruments and instrument supplies (strings, reeds, etc.)	7.27
Classroom furnishings (chairs, tables, mats, desks, rugs, cushions, storage, etc.)	18.18
Field trip expenses	23.64
Special-education supplies (wobble chairs, tangle therapy, weighted lap pads, etc.)	9.09
Teacher conference/seminar expenses	3.64
Other extracurricular activities such as theater, chess club, debate, etc.	7.27
Science equipment and supplies (microscopes, slides, experiment kits, chemistry equipment, specimens, etc.)	18.18
Craft project supplies	10.91
Classroom snacks	1.82
Classroom toys	3.64
Restroom and hygiene supplies	0
Cleaning supplies	0
Other (please specify)	34.55

Individuals with Disabilities Education Act

About IDEA

» **Signed into law by President Gerald Ford** in November 1975 as the Education for All Handicapped Children Act

» **Congress reauthorized** the IDEA in 2004 and most recently amended it in December 2015

» The IDEA makes available a **free appropriate public education** to eligible children with disabilities throughout the nation and ensures special education and related services to those children

» **Governs how states and public agencies** provide early intervention, special education, and related services to more than 6.5 million eligible infants, toddlers, children, and youth with disabilities

» Subsequent amendments **increased emphasis** on access to the general education curriculum, provision of services for young children from birth through five, transition planning, and accountability for the achievement of students with disabilities

» **Authorizes formula grants** to states to support special education and related services and early intervention services

» **Authorizes discretionary grants** to state educational agencies, institutions of higher education, and other nonprofit organizations to support research, demonstrations, technical assistance and dissemination, technology development, personnel preparation and development, and parent-training and -information centers.

» **Provides more than 6.9 million** children with disabilities special education and related services designed to meet their individual needs

» **More than 62 percent of children** with disabilities are in general education classrooms 80 percent or more of their school day, and early intervention services are being provided to more than 340,000 infants and toddlers with disabilities and their families

Source: <https://sites.ed.gov/idea/>

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SCHOOLS AND CROWDFUNDING

Best Practices



images by 123rf.com

These potential liabilities should make it clear that all school districts should have a crowdfunding policy.

In consultation with its own legal counsel, each district should consider designing a policy that incorporates as many of the following guidelines as are relevant:

- Require that all crowd-funding campaigns be reviewed and approved by a designated school administrator.
- Direct the designated administrator to ensure that the proposed crowdfunding campaign does not violate any federal or state law, including those governing the confidentiality of student information, and that the campaign seeks donations that comport with the district's education philosophy, needs and technical infrastructure.
- Designate which crowdfunding services can be used by teachers. These should be services that send donations directly to the school, not to the teacher, to ensure that donations are not diverted or misused. The district also should determine if participation with a given crowdfunding site obligates the school district to assume any responsibility to file government-required reports of charitable activities.
- Require that donations be used for the stated purpose.
- Mandate that no donations will be accepted without school board approval.
- Establish that all crowdfunding donations are the property of the school district, to be entered promptly into the district property inventory or deposited in district bank accounts so that they are subject to normal financial oversight and auditing.



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