RESEARCH REPORT · JULY 2026

K-12 Student Activity Funds

Fraud Risk and Perceptions

Foreword by **Marguerite Roza, PhD**
Director, Edunomics Lab at Georgetown University

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Foreword

School district finance involves rigorous accounting. Federal, state, and local tax dollars are tracked with a common set of account codes recording source, function, and object and then audited, reported, and made public in board meetings. By and large, most K-12 finance offices do this accounting part of their job well.

But there's another category of money moving through schools that doesn't get the same treatment, and it's been hiding in plain sight for decades. It's payments made by students, families, and community members: the $30 for a locker, the $10 for the field trip, the $3 at the gate for Friday night football, the $20 for the holiday fundraiser.

These funds move through a cash box in the front office, a folder of checks, or a coach's personal Venmo account. For as long as anyone can remember, this has been treated as small money for small things — uniforms, an end-of-year party, supplies for ceramics class.

The tracking has never been particularly formal, and until recently, that didn't seem to matter much. But stories of senior class trip funds going missing are no longer rare enough to dismiss as one-off bad luck, and the numbers back that up, suggesting most district finance leaders have dealt with financial incidents related to locally generated school funds.

It should then be of no surprise that parents are starting to notice. The following report finds that less than half of parents said they were "very confident" that this pool of funds would end up being used for their intended purpose. It's tempting to read this hesitancy as an indictment, but the real risk isn't bad actors. It's that this money doesn't appear important, or well-managed. There's little accounting of what payments have been made by whom, how much was generated, nor what it paid for.

Of course, the survey that informs this analysis is by no means exhaustive, but it offers a valuable perspective on an issue that is both costly and timely. Adding urgency to this issue are two factors:

The first is financial strain. With costs rising and revenues tightening, districts are looking to maximize every dollar they receive to balance their budgets — even the ones that previously seemed too small to care about. And if parents are being asked to pay for a bit more here and there, they'll need to trust that the money is accounted for. It only takes one incident of a pile of cash finding its way to pay for a set of drag racing tires for that trust to be broken.

The second is policy. Starting in 2027, the new Federal Tax Credit Scholarship program will allow public schools to accept donor-funded scholarships to cover a range of fee-based offerings. That changes the stakes considerably. Districts will need to set defined fees to accept these dollars, and they'll need to document precisely which dollars covered which services for which students. One misstep may be enough to convince donors to go elsewhere. Suddenly there's a lot of money at stake.

Ultimately, with renewed value placed on each dollar due to budget constraints and the influx of money into the education system through the federal program, getting the accounting right at all levels of payment isn't just a nice-to-have. Leaders need tools to show the world they've got this under control.

Marguerite Roza, PhD
Director of the Edunomics Lab, Georgetown University

Executive Summary

This report presents findings from a 2026 survey of district CFOs and finance managers (89), school teachers and administrators (275), and parents and guardians (418) with the goal of examining how locally generated school funds are collected, tracked, and managed from the perspective of all three stakeholders.

Key findings include:

- **A contradiction at the center.** 83% of CFOs say their current approach to locally generated funds protects both the money and the people handling it. Yet six in ten of those same CFOs rate their district's financial risk exposure as moderate or higher.
- **The system still runs largely on cash.** 84% of district finance managers, 69% of teachers and administrators, and 60% of parents report cash as a primary payment method for school fees. Nearly half of all districts are running cash, checks, and personal payment apps like Venmo or Zelle simultaneously. The more informal methods a district allows, the harder the work becomes at every level.
- **The burden falls hardest on the people closest to the money.** CFOs rate the ease of managing funds 19 points lower for schools than for their own offices. Half of school staff say handling cash creates stress and that they fear being blamed if something goes wrong. 59% say it pulls them away from their primary work.
- **District size doesn't solve the problem.** CFOs overseeing 20 or more schools are about half as likely to call school-level fund oversight easy as CFOs at smaller districts — 37% vs. 63%. Only 29% of districts have real-time visibility into student balances, a figure consistent across district sizes. 98–100% of districts, regardless of size, reported at least one funds-related incident in the past three years.
- **Parents are paying attention.** More than half ran into a problem with school payments in the past year, and only 28% are very confident that school funds end up being used for their intended purpose. Parents in larger districts report higher confidence — 76% vs. 63% in smaller ones — and are more likely to have a single place to see all their payments (63% vs. 50%). Large districts have invested in parent-facing payment tools but the back office hasn't kept pace.
- **All three groups want the same fix.** Districts want real-time visibility across every school. School staff want a single system that handles all payment types. Parents want one place to see what they've paid. CFOs with a unified view report high financial-control confidence at 88%, compared to 38% among those without one.

ABOUT

About the Author

Dr. Marguerite Roza is Research Professor at Georgetown University and Director of the Edunomics Lab, a research center exploring and modeling complex education finance decisions to inform policy and practice. She leads the McCourt School of Public Policy's Certificate in Education Finance, which equips participants with practical skills in strategic fiscal management, policy analysis, and leadership.

She is the author of the highly regarded education finance book, *Educational Economics: Where Do School Funds Go?* She earned a PhD in Education from the University of Washington and a BS from Duke University, and studied at the London School of Economics and the University of Amsterdam.

Roza serves as a senior advisor to Whiteboard Advisors, which has a consulting relationship with the KEV Group, the organization that commissioned this report.

About KEV Group

KEV Group is trusted by 1 in 4 schools across North America to provide real-time visibility and accountability for school-generated funds by unifying accounting, payments, and reporting in one secure, purpose-built platform.

Managing nearly $8 billion in student activity fees annually, KEV helps districts reduce fraud risk, ensure compliance, and focus on what matters most — supporting student learning and achievement.

Methodology

The goal of the study design was to look at the same underlying system through three distinct vantage points with the goal of unifying our collective understanding of where gaps exist, and why they persist. It follows an earlier 2026 K-12 Fraud Report and is just one component of an ongoing series of analyses commissioned by KEV Group into how school-level funds are managed across the country. What we found in this first round suggests there is considerably more to learn.

782	40	3
U.S. RESPONDENTS	STATES REPRESENTED	COHORTS, PARALLEL SURVEYS

Results are based on surveys of three discrete cohorts using parallel questions in order to enable direct comparison across roles.

- The first cohort — **District CFOs and Finance Managers (n=89)** — represents administrators who oversee school-level fund policy, reporting, and compliance from the district office.
- The second — **School Teachers and Administrators (n=275)** — covers the people who handle these funds day-to-day: classroom teachers, school administrators, bookkeepers, and coaches who interact directly with families making payments.
- The third — **Parents and Guardians (n=418)** — reflects the household experience of paying, tracking, and managing fees across activities, field trips, meals, supplies, and other school-related expenses.

In total, 782 U.S. respondents participated: 89 district CFOs and finance managers, 275 school teachers and administrators, and 418 parents or guardians. Respondents came from a total of 40 U.S. states. All district respondents represented systems with at least three schools.

Sampling was designed to ensure representation from smaller, mid-sized, and larger districts, with broadly comparable district-size profiles maintained across the three cohorts.

Each cohort was recruited through a third-party online research panel, with screening criteria tailored to the relevant role. The three surveys were fielded separately in spring 2026 using parallel questions to support comparison across groups.

Key Terms

A few terms used throughout the report are worth defining.

"School-level, locally generated funds" refers to money collected at the school or district level for purposes outside of core instructional programming — including student activity fees, athletic programs, field trips, fundraising, meal contributions, and supply fees. These are separate from state and federal education funding.

A **"financial incident"** is defined broadly: it includes internal investigations or special reviews, parent complaints, missing or incomplete records, and — in more serious cases — legal proceedings or adverse media coverage. It is not limited to theft or fraud.

"Informal payment methods" means cash, personal checks, and consumer-facing apps like Venmo or Zelle, as distinguished from dedicated school payment platforms.

A **"unified view"** refers to a single interface where a user can see all relevant payment activity — requests, receipts, and outstanding balances — in one place, calibrated to their role.

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Marguerite Roza, PhD
Director of the Edunomics Lab, Georgetown University

A Disclaimer: A Note on the Sample and Methodology

The findings summarized above come from survey research conducted by Golfdale Consulting on behalf of KEV Group, which creates technology used by a growing number of U.S. schools and districts. The subject matter — how schools collect, track, and manage locally generated funds — touches on financial practices that many districts handle quietly, and on accountability gaps that institutions don't always surface on their own.

We want to be upfront about what this study is, and what it is not.

This is not a nationally representative sample. It should not be read as one. We're hopeful that the findings do, however, provide a valuable and timely lens to inform our understanding of a complex challenge, and concerns that are both widespread and underexamined.

Looking Back: How We Got Here

The rigor Roza describes didn't arrive once and settle. It's been built in layers, by federal, state, and local actors, over nearly seventy years. Every one of them points at the same objective: reducing the risk of fraud, waste, and abuse of public funds.

The accounting layer came first. In 1957, the U.S. Office of Education published *Financial Accounting for Local and State School Systems* — "Handbook II" — establishing the standard receipt and expenditure accounts that made district finances comparable across the country (U.S. Office of Education, 1957). The work never closed: the National Center for Education Statistics has revised the handbook repeatedly, most recently in 2014, maintaining the fund, function, and object codes so that a dollar coded in Ohio means the same thing in Texas (NCES, 2015).

The compliance layer grew alongside it, and for districts it's a stack, not a single rule. Federal program statutes — ESEA, IDEA, Perkins — sit at the top. Below them, the Office of Management and Budget's Uniform Guidance (2 C.F.R. Part 200), which in 2013 consolidated eight federal circulars into one rulebook covering costs, procurement, and audits for every federal grant (OMB, 2013). The Department of Education applies that rulebook to its grantees through its Education Department General Administrative Regulations (EDGAR), bundling uniform grant management rules with K-12-specific requirements (U.S. Department of Education, n.d.). A compliance supplement tells auditors what to check. Then come state statutes, and local board policy.

None of it holds still. OMB revised the Uniform Guidance in 2020, rewrote it extensively in 2024 (OMB, 2024), and in May 2026 proposed replacing it outright with a binding "Uniform Grants Regulation" targeting an October 2026 effective date (OMB, 2026) — three major revision cycles in six years. School business officials now title their conference sessions "UGG — it's changing again."

A parallel layer operates outside government entirely. The Governmental Accounting Standards Board (GASB) — a private, independent standard-setter — decides how districts present their books. Its Statement 34 (1999) required government-wide financial statements; Statement 84 (2017) extended reporting to fiduciary activities, the category that captures many student activity funds (GASB, 1999; GASB, 2017).

And risk gets through anyway, at every scale. Officials in New York's Roslyn district embezzled $11.2 million over eight years, undetected by the outside auditor (Office of the New York State Comptroller, 2005). A bookkeeper in Dupo, Illinois diverted more than $135,000 from one district's student activities account, keeping a second set of records to conceal it (U.S. Attorney's Office, S.D. Ill., 2024). One moved millions through a general ledger. The other moved a fraction of that through the exact account this report examines — where, as the following pages show, the infrastructure still hasn't caught up with the obligation.

CONTEXT

Why Now?

For decades, the informal management of locally generated school funds was a relatively low-stakes inconvenience. Four converging factors have changed that calculus.

- **The infrastructure to do this better already exists.** Districts no longer need to rely on cash boxes, personal Venmo accounts, and folders of checks to collect school-level payments. Purpose-built digital platforms can handle every payment type in one place, with real-time visibility for everyone in the system. The gap between how districts are managing these funds and how they could be managing them has never been wider.

- **Every dollar counts.** With traditional revenues tightening and costs rising, districts are looking harder at every available dollar to balance their budgets — including the ones that used to be too small to bother with. Locally generated funds are now a meaningful line item, and they need to be managed like one.

- **Public scrutiny is growing.** Stories of activity fund money going missing are no longer isolated incidents dismissed as one-off bad luck. Parents are paying attention, local media is covering it, and the data in this report confirms what many district leaders already sense: this is a systemic problem that districts need to get ahead of.

- **New funding from the Federal Tax-Credit Program.** Starting in 2027, the Education Freedom Tax-Credit (EFTC) program will bring an entirely new category of donor funding into public schools — and with it, an accountability standard that the current system of cash boxes and spreadsheets cannot meet.

Findings

Perception vs. Reality: District Confidence

Our 2026 independent survey of school district CFOs and senior finance leaders in the United States produced two findings that are difficult to reconcile.

Asked whether their district's current approach to locally generated funds adequately protects both the money and the people handling it, 83% of respondents said yes. Yet when the same respondents were asked to rate their district's overall financial risk exposure, six in ten rated it moderate or higher.

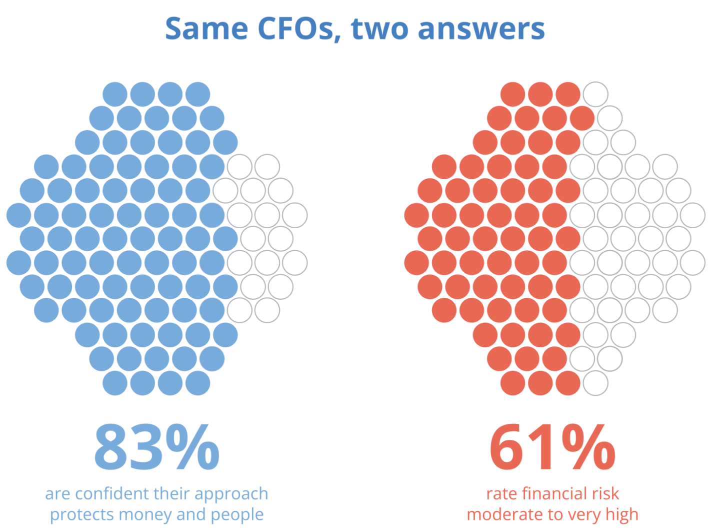

Figure 1. The CFO paradox. Same respondents, two answers. Share of district CFOs and finance managers.

Source: Golfdale Consulting survey for KEV Group, spring 2026 (n=89).

The contradiction begins to resolve when responses are disaggregated by district characteristics. It resolves almost entirely when districts are grouped by how they record their funds.

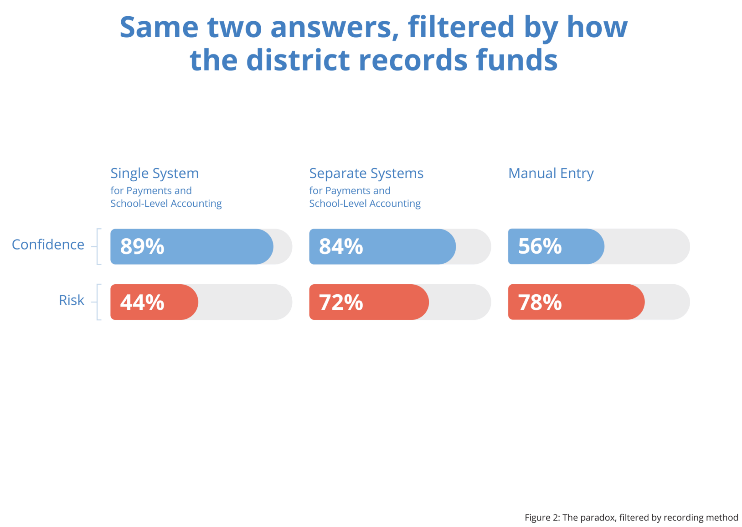

Figure 2. The paradox, filtered by recording method.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

A clear pattern emerges: confidence declines and reported risk rises as the share of work performed manually increases. This is consistent with what the broader operations literature would predict: manual, decentralized processes are harder to monitor and more error-prone than automated ones. But the recording method alone does not fully explain the gap between CFOs' confidence and their risk assessments.

The Closer You Are to the Work, the Harder It Gets

> *"Managing locally generated funds is a hidden tax on the people closest to students. These findings show that the burden falls hardest on exactly the people we can least afford to distract from their primary work."*
>
> STEPHEN FROST — PRESIDENT, SF CONSULTING; FORMER DISTRICT BUSINESS ADMINISTRATOR

Notably, the data backs this up. CFOs rate the ease of managing funds higher at the district level than at the school level. District finance teams spend an average of 800 hours per year managing school-level funds — about 100 working days, or nearly half of a full-time role. When school staff time is added, the total for a typical district is several times more.

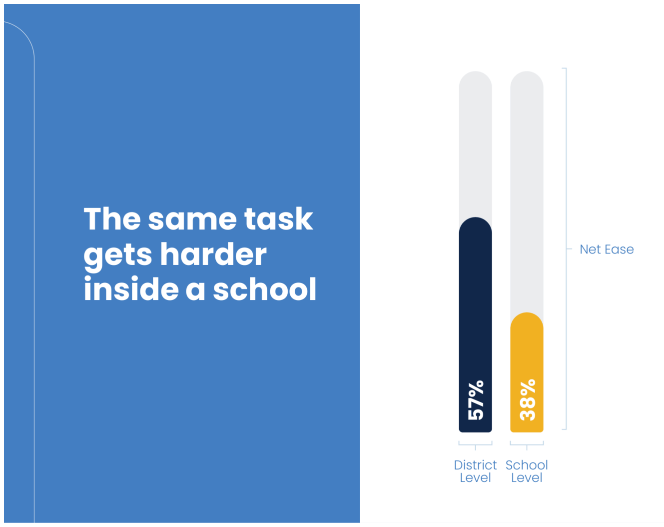

Figure 3. Net ease of managing funds, district vs. school level.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

This gap differs widely across districts. In districts that have automated fund recording, the work stays nearly as easy at the school level as at the district level. In partly digital districts, it collapses. With manual entry, both districts and schools struggle.

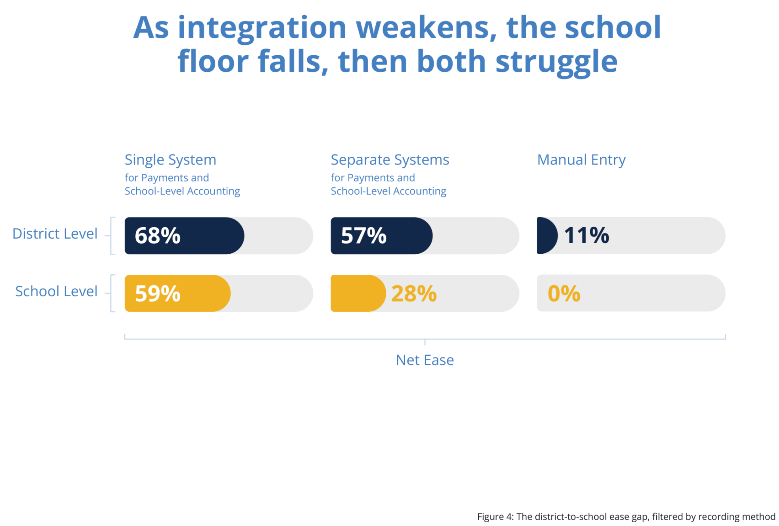

Figure 4. Net ease of managing funds by integration method, district vs. school level.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

But the largest cost of this work is on the people. About half of school staff report that handling other people's money creates stress. About half worry they will be personally blamed if a mistake occurs. 59% say managing funds pulls them away from their primary work — for a teacher, that means less time in the classroom; for a bookkeeper, less time running the office.

Scale Matters

Based on the survey's findings, scale doesn't necessarily solve the problem. Interestingly, the visibility problem is identical in a 5-school district and a 60-school one. Only 29% of districts have real-time visibility into student balances, a figure that moves less than a point between small and large districts, and virtually every district (98–100%), regardless of size, has faced a funds-related incident in the past three years.

What's more, size may actually make back office administration harder, not easier. CFOs overseeing 20+ schools are about half as likely to call school-level fund oversight "easy" as CFOs at smaller districts (37% vs. 63%).

So, are parents in large districts happier? It's a tale of two systems. Parents in bigger districts report significantly higher confidence that their money is used as intended (76% vs. 63%) and are more likely to have one place to see all payments (63% vs. 50%), likely reflecting more mature digital payment tools on the parent-facing side. Big districts have started fixing the front door; the back office hasn't caught up.

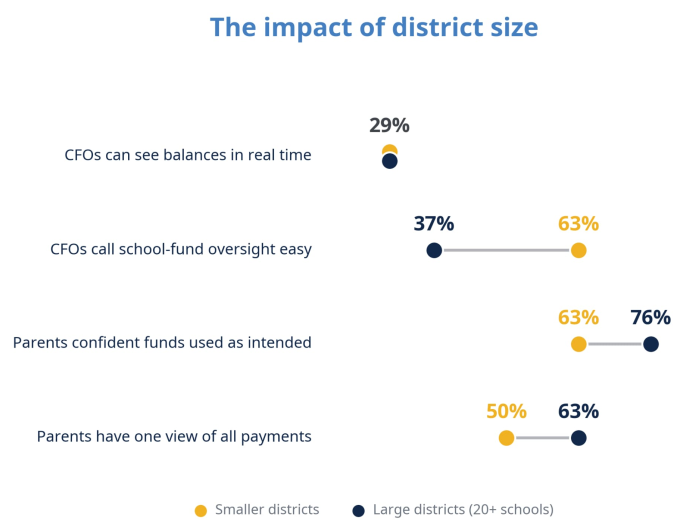

Figure 5. Fund management is harder in large districts, but parents are more satisfied.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

The Causes

> *"It's unacceptable that cash and spreadsheets are how we collect and manage these funds. The lack of infrastructure has real costs, and these findings show that every informal method a district allows compounds the risk and the workload for everyone in the system."*
>
> STEPHEN FROST — PRESIDENT, SF CONSULTING; FORMER DISTRICT BUSINESS ADMINISTRATOR

There are two big sources of friction at the school level that Frost alludes to: informal payments and manual processes. Neither stays contained at the school level and both flow upstream, creating risk for the district.

INFORMAL PAYMENTS

Cash, checks, and personal payment apps like Venmo are nearly universal at the school level, with most schools running two or three simultaneously.

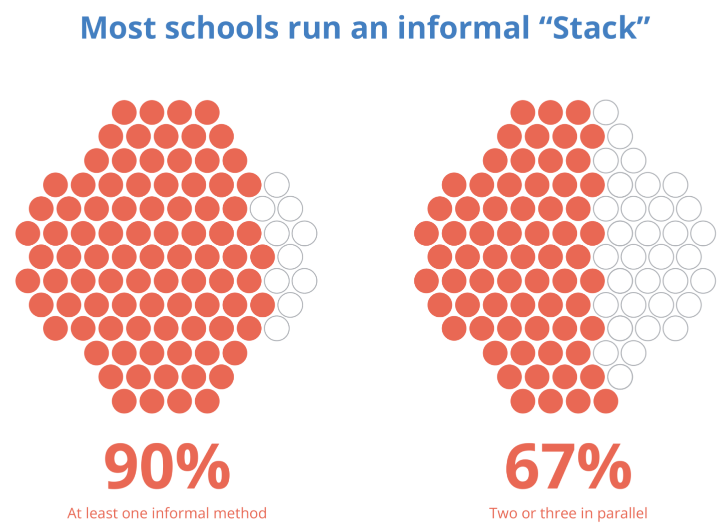

Figure 6. Schools running informal payment methods (cash, check, personal payment apps).

Source: Golfdale Consulting survey for KEV Group, spring 2026.

Of all informal methods, cash is still king. The majority of respondents at every level rank it as the most common way payments are made and received.

When a district runs all three informal methods, only about one in ten CFOs rate school-level work as "very easy."

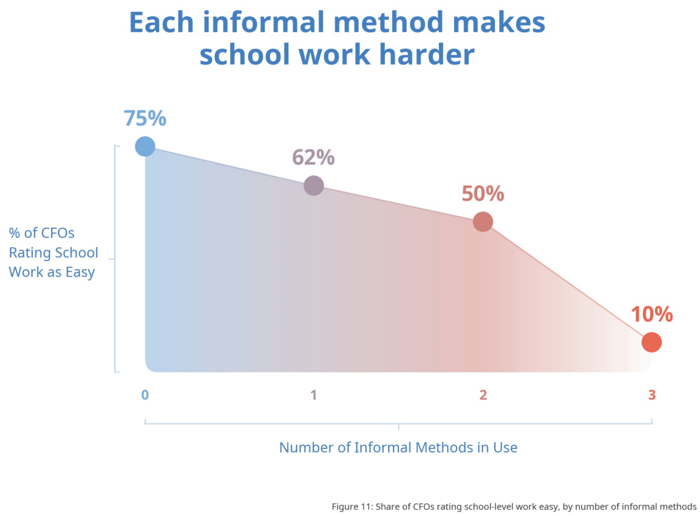

Figure 7. Share of CFOs rating school-level work easy, by number of informal methods.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

On average, each informal method adds close to ten hours of district finance staff time per month, and running all three adds nearly 22 extra hours a month — on the order of 250 additional hours a year for a single district.

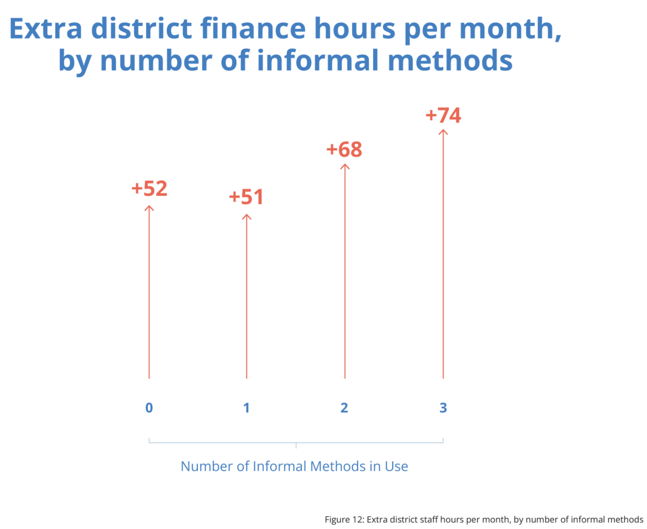

Figure 8. Extra district finance-staff hours per month, by number of informal methods.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

MANUAL TRACKING

In addition to collecting money, the current methods of tracking create additional challenges. More than three-quarters of school staff rely on manual methods, and spreadsheets currently outrank official district systems.

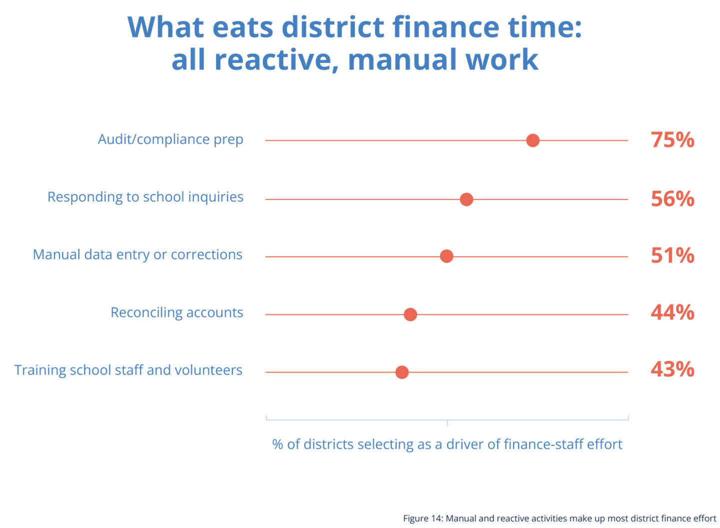

Figure 9. What drives the most district finance-staff effort.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

This creates huge amounts of inefficiency and, consequently, risk. In the last three years, nearly two-thirds of schools have experienced at least one incident with locally generated funds. At the district level, that figure reaches 99%, including one in five districts that have faced a legal claim or lawsuit.

Figure 10. Fund-related incidents reported in the past three years: parents, schools, districts.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

CFO Risk Assessment and School-Level Data

When you place the district finance team and school-level personnel side-by-side, the agreement is striking. The district's perception of risk and what's actually happening on the school floor line up almost perfectly. At the same time 61% of CFOs rate their risk as moderate or higher, 63% of schools state they have hit a funds incident in the past three years, and 55% of school staff say the work creates stress.

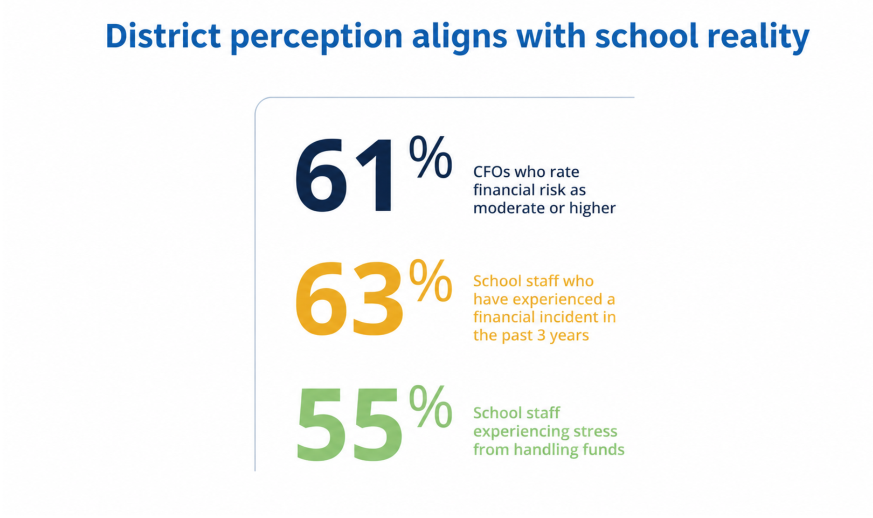

Figure 11. CFO risk perception vs. school-level reality.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

A Clear Path Forward

Only 29% of district CFOs report real-time visibility into student balances district-wide, a figure that holds consistent across districts of every size.

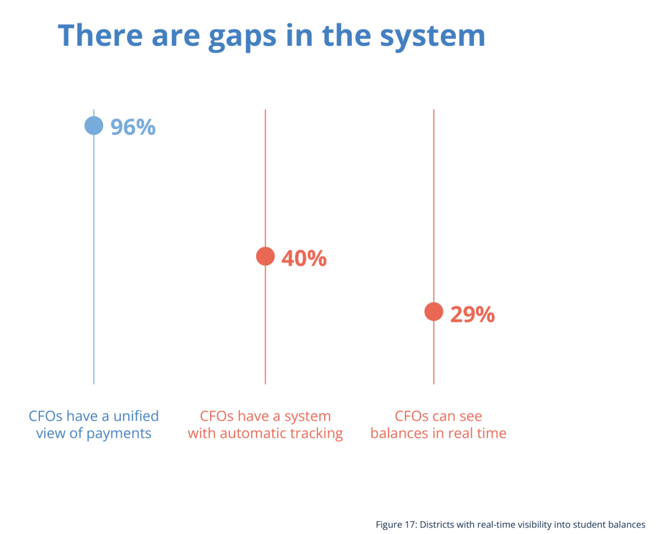

Figure 12. Districts with real-time visibility into student balances.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

CFOs who do have a single integrated view of activity across their schools report high financial-control confidence at 88%, compared to 38% among those without one.

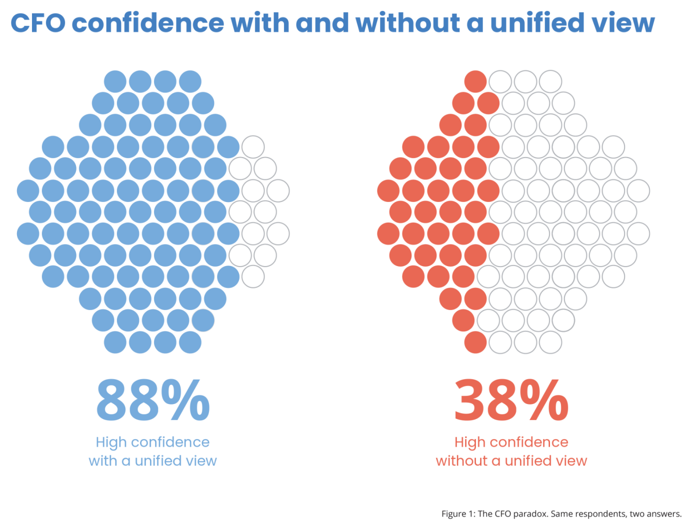

Figure 13. High financial-control confidence, with vs. without a unified view.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

School staff agree — they identify a single system supporting all payment types as their top requested improvement. District CFOs rank real-time visibility across all schools as their top priority. Parents want one place to see all payments and balances.

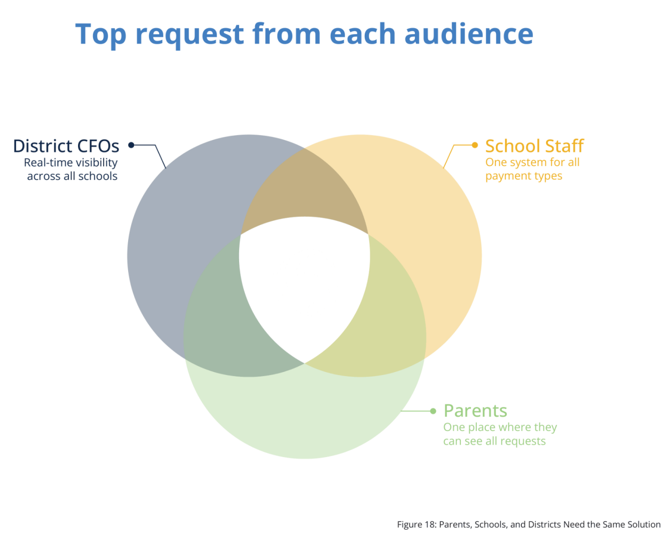

Figure 14. Parents, schools, and districts need the same solution: each group's top requested improvement.

Source: Golfdale Consulting survey for KEV Group, spring 2026.

Conclusion

The status quo isn't good enough. But that doesn't mean it has to stay.

The survey suggests the answer: when districts have a unified view of what's happening across their schools, confidence rises, risk falls, and the burden eases for the people doing the work.

Behind every figure in this report is a teacher counting cash after the final bell, a bookkeeper reconciling three systems that don't talk to each other, and a CFO who senses the strain without being able to see it.

The problem was never the money or the people handling it. Nor is the fix more vigilance and more hours. The answer is one clear view of the money, shared from the school floor to the district office. Do that, and the CFO paradox resolves. Confidence without visibility is blind hope. With visibility, it becomes something a community can fully trust.

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