



COMPENSATION OF CHARTERED PUBLIC SCHOOL BOARD MEMBERS AND LIABILITY

Every year we receive inquiries as to why charter school board members are not compensated for their service on the school board, like school board members of traditional school districts.

The simple answer.

Board members of traditional school districts are elected public officials of a **local unit of government**, while board members of a chartered public school are officials of a **non-profit corporation**.

By definition a board member of a non-profit corporation means that a board member is a volunteer.

While Minnesota's Non-Profit Law (MN Statutes 317A) does allow a non-profit board member to be compensated – it is neither a common practice, nor advisable for one major reason:

- Compensated board members of a non-profit corporation **lose their exemption from civil liability** for the actions by the non-profit corporation. Another way of saying this is that compensated board members become personally liable (financially) for the actions and omissions of the board member, the board or the non-profit corporation.

Minnesota Nonprofit law in concert with the Federal Volunteer Protection Act protects volunteers from civil liability who are acting within the scope of a volunteer's responsibility in the non-profit organization.

The federal law **not only protects the volunteer from civil liability it also protects a volunteer from punitive damages** in the scope of their volunteer responsibilities to the nonprofit corporation.

While state and federal law protect volunteers from civil liability and punitive damages with respect to their responsibilities – it does not protect a board member from criminal liability.

There is **no** exemption of liability for a volunteer who commits;

- A crime of violence or terrorism
- A hate crime
- A sexual offense defined by state law
- A violation of federal or state civil rights/human rights laws or,
- A act under the influence of alcohol or any drug at the time of the misconduct

NOTE: There is also another small reason that nonprofit volunteers are not compensated. The IRS: If board members are paid more than \$600 per year, the nonprofit must issue them an [IRS Form 1099 Msc](#). So the compensation becomes taxable income for a board member.

REIMBURSEMENT OF BOARD MEMBERS FOR EDUCATION/TRAINING EXPENSES

MN Statutes 124E. 07 Subd. 7 requires that every charter school board member shall attend annual training throughout the member's term.

Given that requirement the school budget should include funding to pay for, or reimburse board members for approved training a board member attends. The school can also reimburse a board member for travel and or mileage to/from the training approved by the board.