

## ECONOMIC-ORGANISATIONAL ASPECTS OF MUSIC SCHOOL MANAGEMENT BY A LOCAL AUTHORITY UNIT

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### ABSTRACT

The article presents the selected economic-organisational aspects of music school management by a local authority unit. The author focuses on the issues related to the costs of upkeep of a music school, the opportunities of obtaining additional funds and management control by the headmaster. The thesis of the article is the statement that the headmaster establishing an association or a foundation, which will support the school financially, is a solution for the insufficiency of the funds received for its functioning.

In the light of the binding regulations, school is a public finance budget unit, therefore, all the funds obtained by school, e.g. from letting a concert hall, are the property of the managing body. That is why the headmaster, when searching for additional funds, is forced to reach for unconventional solutions in the forms of establishing an association or a foundation.

**Key words:** management, music school, public finance budget, local authority unit.

### 1. INTRODUCTION

The aim of the article is to present the problems of music school management by a local authority unit considered in the context of economic aspects. The analysis will include the issues of music school upkeep costs, opportunities of obtaining additional funds and management control.

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In the article, I will be proving the following thesis: the headmaster establishing an association or a foundation, which will support the school financially, is a solution for the insufficiency of the funds received for its functioning. The main plane for the deliberations are economic conditions, legal regulations and scientific analyses. It should be noted that in practice there are no complex detailed papers on this matter. Many publications discuss education law related to general education school system, providing fragmentary information on artistic education units. There are also direct references to legal acts and resolutions related to this issue. Many problems connected to the organisational specificity of artistic education units are included in papers and collective publications on management and of guidebook character addressed at practitioners. The following methods were employed, when writing the article: synthetic analysis and economic analysis.

## 2. ELEMENTS OF FINANCING MUSIC SCHOOLS

In the course of the past several years, one can observe in Poland a more and more dynamic process of creating new music schools established by local authority units. They are mostly 1<sup>st</sup> level schools created in smaller municipalities, which are not the seats of poviats authorities. The situation seems quite unusual, as a music educational institution is more expensive upkeep-wise, than a general education school. This results from higher costs related to the atypical nature of art education, which includes mainly individual teaching of playing instruments, solo singing etc. There is also the issue of buying musical instruments for such a school, tuning, repairing them, which greatly increases the costs, at least at the beginning of conducting activity. Apart from the instruments, it is also necessary to buy e.g. scores for the students to play from, and also specialist music publications.

In the whole country, in 2018, municipalities have been managing in total 75 music schools, 73 of which are 1<sup>st</sup> level state music schools, and the remaining 2 are 2<sup>nd</sup> level state music schools. City poviats manage 67 music schools: 27 1<sup>st</sup> level State Music Schools, 17 2<sup>nd</sup> level State Music

Schools, 17 1<sup>st</sup> level Secondary Music Schools, and 6 2<sup>nd</sup> level Secondary Music Schools. Land poviats manage 20 music schools: 18 1<sup>st</sup> level State Music Schools and 2 2<sup>nd</sup> level State Music Schools. The following table presents the number of music schools managed by local authority units, as of 25<sup>th</sup> August 2018.

Table 1. Music schools managed by local authority units in 2018

School type	Municipality	City poviat	Land poviat
1 <sup>st</sup> level State Music School	73	27	18
2 <sup>nd</sup> level State Music School	2	17	2
1 <sup>st</sup> level Secondary Music School	0	17	0
2 <sup>nd</sup> level Secondary Music School	0	6	0
TOTAL	75	67	20

Source: The data available in the Internet search engine The Map of Art Education available in the website of the Ministry of Culture and National Heritage, as of 25<sup>th</sup> August 2018, own work.

Pursuant to the Act of 13<sup>th</sup> November 2003 on income of local authority units (consolidated text, Journal of Laws 2018, item 1530), the income of local authority units includes: own income, general subsidy, and targeted subsidies from state budget (defined in detail in Art. 4 regarding municipalities, and Art. 5 regarding poviats).

It should be emphasised that the wide scope of educational tasks is the reason why public funds transferred as part of educational subsidy are not enough for their performance by local authority units.

The amount of the educational part of general subsidy for all local authority units is determined annually by the budget act. This amount is determined at the level of the total amount of the educational part of general subsidy, not smaller than adopted in the budget act of the base year, corrected by the amount of other expenses on the account of changing the performed educational tasks. From so determined an amount, 0.4% is deducted for the reserve of the educational part of general subsidy, which is at the disposal of the minister of finance, after seeking an opinion of the Ministry of National Education and representation of local authority units. The division of the educational part of general subsidy takes place

not later than on 30<sup>th</sup> November each year (Art. 28 of the aforementioned Act). The competent minister for public finance informs local authority units about:

- 1) the annual planned amounts of the educational part of general subsidy adopted in the project of the budget act for the budget year by 15<sup>th</sup> October of the base year;
- 2) the annual amounts of the educational part of general subsidy resulting from the budget act within 14 days from the day of announcing the budget act for the budget year.

The Minister of National Education, after seeking an opinion of the Minister of Finance and the representatives of local authority units, every years determines by means of a resolution the manner of dividing the educational part of general subsidy between specific units, with special regard to the types and kinds of schools and facilities managed by these units, the levels of professional advancement of teachers, and the number of students in such schools and facilities<sup>1</sup>.

A detailed analysis of calculating the educational subsidy would exceed the frame of this article, therefore, the author only aims at presenting the main differences between financing general education schools and music schools managed by municipalities.

The subsidy is divided based on calculations the basis of which is data gathered in the educational information system database. Each year, the Minister of National Education on the website of the office provides the amount of financial standard “A,” which is necessary to calculate the subsidy. This is a yearly amount per one student. In the resolution on the manner of dividing the educational part of general subsidy for local au-

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<sup>1</sup> See: Ewa Maćkowiak, “Zasady finansowania oświaty przez jednostki samorządu terytorialnego na przykładzie gminy Tychy”, *Politechnika Śląska/Zeszyty Naukowe. Organizacja i Zarządzanie* 79 (2015): 154 and the following pages; Janina Kotlińska, “Edukacja w gminie – wymiar organizacyjny i finansowy”, *Kujawsko-Pomorska Szkoła Wyższa w Bydgoszczy/Roczniki Ekonomiczne* 9 (2016): 303 and the following pages; Joanna Nucińska, “Źródła finansowania zadań oświatowych JST w latach 2012-2016 ze szczególnym uwzględnieniem miast na prawach powiatu”, *Studia BAS* 4 (2017): 84 and the following pages; Katarzyna Maj-Waśniowska, “Analiza znaczenia wydatków oświatowych w zależności od kategorii jednostki samorządu terytorialnego”, *Uniwersytet Ekonomiczny w Krakowie/Zeszyty Naukowe* 1 (973) (2018): 129 and the following pages.

thority units for a given year, the minister determines weights for students of art schools. The average amount per one student can be calculated by multiplying both values.

The amount of financial standard “A” calculated in PLN in years 2013-2018 gradually increased. In 2013, it was 5,163, in 2014 – 5,243, in 2015 – 5,258, in 2016 – 5,278, in 2017 – 5,293, and in 2018 – 5,436. Weights for students of the 1<sup>st</sup> and 2<sup>nd</sup> level music schools rather stayed constant. Whereas, they were the highest in 2014, and in 2018 they were lowered. In 2013, weight for a student of 1<sup>st</sup> level music school was 1.01, in 2014 it increased to 2.01, in the following year it returned to the previous level, at which it stayed until 2017. In 2018, this weight was lowered to 0.85. Weights for a student of 2<sup>nd</sup> level music school shaped similarly. In 2013, weight for a student of 2<sup>nd</sup> level music school was 1.70, in 2014 it increased to 3.36, in the following year it returned to the previous level, at which it stayed until 2017. In 2018, this weight was lowered to 1.50. This is presented in the following table:

Table 2. Changes in the Amount of Financial Standard “A” and Weights for Students of Music Schools in Years 2013-2018

year	2013	2014	2015	2016	2017	2018
the amount of financial standard “A”	5,163	5,243	5,258	5,278	5,293	5,436
weight for a student of 1 <sup>st</sup> level music school	1.01	2.01	1.01	1.01	1.01	0.85
weight for a student of 2 <sup>nd</sup> level music school	1.70	3.36	1.70	1.70	1.70	1.50

Source: The information from the websites: <https://gov.legalis.pl> and <http://samorzad.pap.pl> as well as the resolutions of the Minister of National Education on the manner of dividing the educational part of general subsidy for local authority units from years 2013-2018, own work.

Based on the presented data, one can calculate the average amount per student of 1<sup>st</sup> and 2<sup>nd</sup> level music school in relation to the amount per one student of a general education school. In the case of a 1<sup>st</sup> level music school student, this is not a big difference. There are significant difference regarding the amount per student of 2<sup>nd</sup> level music school. These amounts have been presented in the following table.

Table 3. Changes in the Mean Amount per Student of Art School  
in Years 2013-2018

year	2013	2014	2015	2016	2017	2018
the amount of financial standard "A"	5163	5243	5258	5278	5293	5436
student of 1 <sup>st</sup> level music school	5214	10538	5310	5330	5345	4620
student of 2 <sup>nd</sup> level music school	8777	17616	8938	8972	8998	8154

Source: as in table 2, own work.

Apart from the amount from educational subsidy, a school can also receive targeted subsidies. The new Act of 27<sup>th</sup> October 2017 on funding educational tasks (Journal of Laws 2017, item 2203), regulates the rules of financing public and non-public education. These regulations replace the solutions regulated so far in other legal acts – mostly in the Act of 7<sup>th</sup> September 1991 on the educational system (consolidated text, Journal of Laws 2018, item 1457). Pursuant to Art. 55 of this Act, a music school providing general education in primary schooling can receive a targeted subsidy, as the task related to government administration, performed by local authority units managing these schools is equipping:

- 1) public primary schools and art schools providing general education in primary schooling in textbooks for educational classes: Polish language, mathematics, natural and social sciences, textbooks for modern foreign language teaching, educational materials or exercise materials, for forms 1-3,
- 2) public primary school and art schools providing general education in primary schooling in textbooks, educational materials or exercise materials, for forms 4-8.

For the realisation of this task, local authority unit receives a targeted subsidy from state budget, which is granted by a voivode. The targeted subsidy is calculated and granted for equipping art schools realising general education in primary schooling in the following amounts:

- 1) textbooks for educational classes: Polish language, mathematics, natural and social sciences, textbooks for modern foreign language teaching, or educational materials, in the amount up to PLN 75 per student – in the case of forms 1-3;

- 2) exercise materials in the amount up to PLN 50 per student – in the case of forms 1-3;
- 3) textbooks or educational materials, in the amount up to:
  - a) PLN 140 per student – in the case of form 4,
  - b) PLN 180 per student – in the case of forms 5 and 6,
  - c) PLN 250 per student – in the case of forms 7 and 8;
- 4) exercise materials in the amount up to PLN 25 per student – in the case of forms 4-8;

It should be emphasised that the indicated subsidy is related only to the purchasing of textbooks and exercise materials, it does not cover buying scores or instruments – the music school which does not provide general education cannot use this subsidy.

Similar solutions related to financing artistic education system function in the United Kingdom. Artistic education is managed by local authorities in England, Northern Ireland, Scotland and Wales, and it is financed by them. This system is constructed in accordance with the general education system, which is obligatory for all children aged 5 to 16 (inclusive). Later, students can continue education for another two years in the so-called *Sixth Form* – a two-year secondary school which ends with gaining A-level education. In 2008, the Education Act was changed, and the schooling obligation was extended until the age of 18. State schools provide education free of charge. In the United Kingdom, there is also a long tradition of private schools. The proper education of children depends on the decision of their parents – education is obligatory, not attending school<sup>2</sup>. At the primary and secondary levels, there are specialised music and ballet schools, which, next to intensive trainings and practical classes, realise the curriculum obligatory for students of a given age. Artistic education very often takes form of extracurricular activities – musical, dancing, and acting. The centres offering these types of activities are subject to supervision of appropriate bodies and the certificates they grant are honoured at further education stages<sup>3</sup>.

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<sup>2</sup> J. Rutkowska, Ekspertyza dotycząca szkolnictwa artystycznego w Wielkiej Brytanii, <http://www.kongreskultury.pl>, [date of access: 12.02.2019], p. 1.

<sup>3</sup> Ibid., p. 7.

These issues are different in Germany, where an open type of artistic education system is dominant, and it can be divided into public and private systems. School networks are managed by public institutions and public utility organisations. Schools of this category provide classes in many fields – from painting to literature, film, theatre, and performance – in facilities of specialised character and multi-profile ones. As indicated by Kamil Markiewicz, these schools admit not only youth and children, but also adults willing to supplement their artistic education after finishing professional activity<sup>4</sup>. They are officially recognised and supported financially by the governments of states of Germany and local authorities. The basis to obtain such conditions is the non-commercial character of activity of such facilities. The financing is twofold. In the case of music schools, some funds come from the students making payments for participation in the classes, and a bit more than half comes from public budgets. However, learning there does not allow for getting education certificates – their goal is to enrich the offer provided by public education facilities, thus making them “extracurricular education institutions.” In open artistic education, one can identify various education levels, however, they correspond to the stages of public education only partially. Class groups are created according to age – primary, lower, secondary, and higher levels. These groups can also be joined by persons deciding to begin artistic education at a later age.

Next to the public artistic schools in Germany there are many schools managed by commercial entities of various profiles and levels. These institutions have no access to public funds. These schools function as registered associations or public utility limited liability companies – entities entitled to some tax reliefs are financed – apart from payments for classes – from premiums of supporting members and donations by private sponsors. Private schools often supplement the offer of public schools in niche fields, e.g. modern music<sup>5</sup>.

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<sup>4</sup> K. Markiewicz, *Edukacja artystyczna w krajach niemieckojęzycznych. Typy i organizacja szkół, sposoby finansowania, możliwości wsparcia osób kształcących się*, <http://www.kongreskultury.pl>, [date of access: 12.02.2019], p. 5.

<sup>5</sup> *Ibid.*, p. 6 and the following pages.



### 3. HEADMASTER'S TASKS RELATED TO FINANCES

Among the headmaster's tasks listed in Art. 68 of Educational Law, there are actions related to managing finances. They include: managing the funds defined in the financial plan of a school or facility with the opinion given by the school or facility council, along with the responsibility for their proper use (headmaster can also organise the administrative, financial and economic servicing of the school or facility). It is simultaneously a task and a duty of the headmaster of a school, which is a budget unit, to apply the principles and procedures of management control and monitoring its performance. This results from the provisions of the Act on public finance. Management control covers all of the actions taken up to ensure the accomplishment of goals and the performance of tasks legally, effectively, economically and punctually. Its goal is to ensure that the activity of a unit will be conducted effectively and in accordance with legal regulations. What is interesting is the significant generality of such shape of this institution. The definition of management control formed this way indicates that in its objective scope it includes not only the traditional control activities, but also tasks related to administration. Therefore, management control should be approached from the angle of organisation and management<sup>6</sup>.

The Minister of Finance, on 16 December 2009, published an announcement regarding management control standards for the public finance sector. These standards are guidelines and provide headmasters, among others, with the directions of building a management control system. They are presented in the table:

Table 4. Management Control Standards

Group and symbol	Standards	General recommendations
Internal environment (A symbol)	<ul style="list-style-type: none"><li>• following ethical values,</li><li>• professional qualifications,</li><li>• organisational structure,</li><li>• delegating rights.</li></ul>	The proper internal environment has essential influence on the quality of management control.

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<sup>6</sup> Anna Bartoszewicz, Monika Münnich, *Kontrola zarządcza oraz koordynacja kontroli zarządczej w jednostkach sektora finansów publicznych*, In: *Ustawa o finansach publicznych. Komentarz*, ed. P. Smoleń, Warsaw: Wydawnictwo C.H. Beck, 2012, p. 455.

Goals and risk management (B symbol)	<ul style="list-style-type: none"> <li>• mission,</li> <li>• defining goals and tasks, monitoring and evaluating their realisation,</li> <li>• risk identification,</li> <li>• risk analysis,</li> <li>• reaction to risk.</li> </ul>	Clear definition of mission can favour setting the hierarchy of goals and tasks, as well as effective risk management. Risk management is aimed at increasing the probability of accomplishing goals and performing tasks. The risk management process should be documented.
Control mechanisms (C symbol)	<ul style="list-style-type: none"> <li>• documenting management control system,</li> <li>• supervision,</li> <li>• continuity of activity,</li> <li>• resource protection,</li> <li>• detailed control mechanisms regarding financial and economic operations,</li> <li>• control mechanisms regarding IT systems.</li> </ul>	The standards in this regard are a combination of the basic mechanisms that can function within the management control system. However, they are not a closed catalogue, as the management control system should be flexible and adjusted to specific needs of a unit, government administration department or local authority unit. The control mechanisms should be an answer to specific risk. The costs of implementation and application of control mechanisms should not be higher than the benefits they allow to obtain.
Information and communication (D symbol)	<ul style="list-style-type: none"> <li>• current information,</li> <li>• internal communication,</li> <li>• external communication.</li> </ul>	The managers and employees should be ensured access to the information necessary for the performance of their duties. The communication system should enable the flow of required information within a unit, both vertically and horizontally. An effective communication system should ensure not only information flow, but also its proper understanding by the recipients.
Monitoring and evaluation (E symbol)	<ul style="list-style-type: none"> <li>• monitoring management control system,</li> <li>• self-evaluation,</li> </ul>	The management control system should be monitored and evaluated on an ongoing basis.

	<ul style="list-style-type: none"> <li>• internal audit,</li> <li>• obtaining assurance regarding the condition of management control.</li> </ul>	
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Source: The announcement of the Minister of Finance of 16<sup>th</sup> December 2009 on the management control standards for the public finance sector no. 23 (Official Journal 2009 no. 15, item 84), own work.

The constant element of management control is identification and indication of the areas which are present or can be present in a school, and the inappropriate functioning of which can have negative effects for the school's activity. It seems that the areas special attention should be paid to are the problems related with the circulation of documents, financial control method and approval of financial documents, records of: economic operations, school property, communication and making current decisions necessary for the proper functioning of school, as well as the realisation of a school's financial plan and reliability of financial reports<sup>7</sup>. It should be emphasised that in every school the situation can be different, therefore, the problems and their causes can be different.

#### 4. OPPORTUNITIES OF OBTAINING ADDITIONAL FUNDS BY A MUSIC SCHOOL

Creativity in obtaining additional funds is justified historically. The regulations concerning public finance as recently as in the 1990s allowed for generating special funds of budget units. The idea of generating these funds was to encourage budget units to seek additional, side income. Therefore, mainly the amounts obtained from own "economic activity" were transferred to the special funds accounts. They were often obtained

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<sup>7</sup> More: Anna Zbaraszewska, "Analiza ryzyka na potrzeby kontroli zarządczej w placówkach oświatowych", *Finanse, Rynki Finansowe, Ubezpieczenia*, 6 (84) part 1 (2016): 255 and the following pages; Dariusz Kotarski, Ireneusz Rosiek, "Ocena funkcjonowania kontroli zarządczej w jednostce oświatowej na przykładzie samorządowego przedszkola w Słubicach", *Finanse, Rynki Finansowe, Ubezpieczenia*, 6 (84) part 1 (2016): 231 and the following pages.

by music schools by letting concert halls for various events. If a school had a gym, it could let it for training purposes, and in some schools they were let during carnival for parties. The income thus generated covered their acquisition costs, and the obtained surplus was used for complementing the unit's funds. This was an exception from the binding budget rule of gross budgeting. They covered the expenses on financing the activity, which generated them. In this situation, the school, outside its budget, covered the expenses from the payments collected in settlement accounts for special funds. Such a fund could receive voluntary donations and payments made by parents, friends of the school or the so called sponsors. The school intending to generate special funds could use two different legal bases.

The Act of 26<sup>th</sup> November 1998 on public finance (Journal of Laws No. 155, item 1014) in Art. 21 allows schools for the generation of special funds. These were funds collected by budget units in separate bank accounts, pursuant to separate acts and resolutions of the bodies constituting local authority units. Their source could also be inheritances, bequests and donations in pecuniary form for the budget unit, as well as compensations and payment for lost or damaged property handed over to the budget unit for management or use. Pursuant to the aforementioned Art. 21, special funds were used for the purposes indicated in the act or resolution, which was the basis for their generation, the purposes indicated by the donor or testator, and for a repair or recreation of the lost or damaged property of the unit. Therefore, the headmaster was bound by the goal for which the funds had been generated, and could not independently decide how to use them.

The other standard which defined the generation of special funds was the no longer binding Art. 79 of the Act of 7<sup>th</sup> September 1991 on the educational system (Journal of Laws 1991 No. 95, item 425). Pursuant to sections 2 and 3 of this article, schools could generate special funds in accordance with the rules defined in separate regulations. Whereas, the financial plan for special funds was approved by the headmaster on application of the school council.

Until 31<sup>st</sup> December 2000 (based on the regulations of the resolution of the Minister of Finance of 8<sup>th</sup> May 1991 on special funds of budget units (Journal of Laws 1991 No. 42, item 184, as amended)), music schools as budget units could generate and use funds collected in special means accounts.

Special funds were autonomous in relation to the budget. Their autonomy was based on the fact that the headmaster made the decision on generating or liquidating them (§ 3, section 1 of the aforementioned resolution). There were two exceptions from this rule:

- municipality management's reservation of the manager's rights to their competence, § 13, section 3 of the aforementioned resolution
- availability of budget subsidy in the form of a special fund, § 3, section 2 of the aforementioned resolution.

The funds collected in bank account for special funds were managed by headmasters. The financial plan for special funds could be changed during the year, however, on the condition that this would not decrease payments to the budget (if such an obligation has been implemented), or increase budget subsidy. A headmaster using special funds was obliged to determine the standard value of current assets as of the end of the year. This rule did not apply to special funds from voluntary contributions (§ 8 of the aforementioned resolution).

In the light of the above deliberations and binding regulations, a music school headmaster, in order to obtain additional funds, can establish an association or a foundation, the statutory goal of which will be e.g. supporting culture. Both the association or the foundation can conduct business activity. Additionally, private individuals can transfer 1% of their income tax to such public benefit organisations. The obtained funds can be transferred e.g. for co-financing competitions, purchasing scores or musical recordings and transferring them to a music school. The indicated solution should be analysed from the perspective of the binding regulations and the specificity of the organisation of an association or a foundation itself.

Pursuant to Art. 1 of the Act of 6<sup>th</sup> April 1984 on foundations (consolidated text, 2018, item 1491), a foundation can be established for the purpose of accomplishing goals consistent with the basic interests of the Republic of Poland that are socially or economically useful, specifically the following: health protection, development of economy and science, education and upbringing, culture and art, social care and assistance, environment protection and preservation of historical objects. It should be noted that the Supreme Court, in its resolution of 26<sup>th</sup> January 1993, III ARN 93/92 OSNC 1993/10/184, indicated that donations for foundations es-

tablished for the realisation of economically useful goals are not deducted from the basis for income tax. Therefore, a key matter is the determination of the foundation's goal, e.g. scientific development<sup>8</sup>. The potential change of the foundation's goal determined by the founder and defined in the charter can be introduced if the charter provides for this and maintaining the conditions provided for in the charter, which was pointed out by the Supreme Court in the resolution of 7<sup>th</sup> July 1993 r., III CZP 88/93, OSNC 1994/1/14. Pursuant to Art. 5, section 5 of the aforementioned Act, a foundation can conduct business activity in the dimensions required for the accomplishment of its goals. If a foundation is to conduct business activity, the value of foundation's assets intended for business activity cannot be smaller than PLN 1,000. The foundation's business activity, one one hand, must remain in close relation to the conducted charter activity, on the other hand, however, it cannot constitute the sole task of the foundation. Therefore, the effects of business activity are only to supplement the means allocated to the charter activity, as pointed out by the Voivodeship Administrative Court in Lodz in its sentence dated 29 April 2008, I SA/Łd 225/08, LEX No. 467688. It is also worth noting that in opinion of the Supreme Court, the subject of business activity does not have to be unconditionally specified in the founding act and charter (Decision of the Supreme Court, I CKN 162/01, LEX No. 1634769). It should be emphasised that the existence of a foundation ends at the moment of accomplishing the goal for which the foundation has been established. In such a case, the foundation is subject to liquidation in the manner indicated in the charter (Art. 15, section 1 of the aforementioned Act).

An association is a voluntary, self-governing, permanent membership organisation with non-profit goals (pursuant to Art. 2, section 1 of the Act of 7<sup>th</sup> April 1989 – Association Law (consolidated text, Journal of Laws 2017, item 210). An association can be established by seven people, which pass the association's charter and select the founding committee or association authorities. An association can conduct business activity in accordance with the general rules determined in separate regulations. Income from business activity of an association is used for the accomplishment

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<sup>8</sup> Similarly: SA/Po 3259/93 – sentence of the Supreme Administrative Court (until 31/12/2003) in Poznan dated 21<sup>st</sup> April 1994, SA/Po 3259/93, M.Podat. 1994/11/341.

of statutory goals and cannot be divided between its members (Art. 34 of the aforementioned Act). The Court of Appeal in Wrocław, in its sentence dated 2<sup>nd</sup> September 2015, III AUa 237/15, LEX No. 1843327 noted that, although an association has legal personality and it can conduct business activity, pursuant to Article 34 of the Act of 1989 – Law Concerning Associations Conducting Business Activities, however, as an entity which, due to its nature, cannot be profit-oriented, income from such activity must be assigned to the realisation of charter goals. Association's existence is not determined time-wise, as in the case of foundation (the moment of accomplishing the goal).

Obtaining funds by a foundation or an association and using them to fulfil the needs of a school is a great support for the functioning of a music school.

## 5. CONCLUSIONS

The conducted deliberations confirm the thesis set in the introduction that the headmaster establishing an association or a foundation, which will support the school financially, is a solution for the insufficiency of the funds received for its functioning. The regulations regarding budget units prevent schools from obtaining additional funds. Seeking sponsors, which would support a music school, is very time-consuming and is rather isolated, e.g. sponsoring a competition for talented youth. Therefore, in the author's opinion, the best solution is the headmaster establishing a foundation or an association, which, conducting business activity, will support the school, which is its statutory goal. It is a solution combining the practical-legal dimension, as it brings measurable effects for the school. At the same time, it is based on a relatively new use of the form of foundation or association determined in the legal system.

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