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***Representative Hambley***

Chair Blessing, Vice Chair Reineke, Ranking member Clyde, and Members of the House Government Accountability and Oversight Committee, thank you for allowing us to present House Bill 705 to you today. In short, HB 705 will provide relief from personal financial liability of a school district or ESC treasurer or superintendent for a loss of public funds unless the loss of public funds results from that treasurer or superintendent's negligence or other wrongful act.

Currently, Ohio law requires school treasurers/CFOs to be licensed by the state, and the treasurer/CFO in a school district reports directly to the board of education (as does the district superintendent). This creates a system of checks and balances at the local level, allowing boards to receive financial information from an independent source when making decisions upon the recommendation of the superintendent.

Although the treasurer is not involved in district hiring decisions, the treasurer/CFO makes payments on behalf of the district which often rely on non-financial information supplied by the superintendent or his/her designees. Under current interpretation and enforcement of the law, this puts the personal assets of the treasurer/CFO at risk when inaccurate or incomplete information is supplied and unlawful payments are made (i.e., to a teacher improperly or inadequately licensed) of which the treasurer/CFO was legally required to authorize under state and federal wage and hour laws.

The following changes, that Representative Ingram will explain are proposed to reduce the financial liability of school district treasurers/CFOs when illegal payments are made upon reliance of information supplied by others in the district in matters outside the control of the treasurer/CFO.

***Representative Ingram***

**Proposed revisions to ORC § 3319.36**

Our proposed changes to subsection (A) and subsection (B) of ORC 3319.36 would address the process through which the superintendent verifies teacher licensure with the treasurer. Currently, a teacher first files with the treasurer and then the superintendent. This is impractical and confusing, resulting in difficulty implementing a workable system. Removing the treasurer will streamline the process and ease implementation.

Although the proposed changes address some of the concerns raised by treasurers and although it has the potential to reduce the risk of liability, these changes alone do not eliminate strict liability.



In addition, the proposal addresses strict liability in the context of payments that were made to teachers in compliance with ORC § 3319.36; making a treasurer liable only when resulting from negligence or other wrongful act.

Section 3319.36 explicitly sets forth requirements that must be satisfied in order for a treasurer to draw a check for payments to teachers. It follows that any payment made in compliance with these legal requirements is lawful and should not expose the treasurer to liability. We have also extended this to assure that superintendents will be held to a negligent standard, rather than strict liability.

#### **Proposed revisions to ORC § 3313.31**

Current law establishes that a treasurer is not required to verify the accuracy of the district's nonfinancial information or data (unless otherwise required by law). Our changes to this section follow that a treasurer generally should not be liable for payments made in reliance on the district's nonfinancial information or data [unless the loss results from the treasurer's negligence or other wrongful act].

#### **Proposed revisions to ORC § 3313.25**

These changes further clarify the scope of liability of a school district treasurer. This clarification is necessary to align a treasurer's scope of liability with a treasurer's duties.

Thank you for allowing us to present House Bill 705 to you today. We are available to discuss any questions you may have.