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HB 705 Proponent Testimony
House Government Accountability and Oversight Committee
Ohio Association of School Business Officials
November 28, 2018

Chairman Blessing, Vice Chair Reineke, Ranking Minority Member Clyde and members of the Committee. My name is Jim Rowan and I am the executive director for the Ohio Association of School Business Officials (OASBO). I am here today to testify in support of House Bill (HB) 705.

OASBO is a professional association for Ohio's public school district treasurers/CFOs, business managers, child food and nutrition directors and pupil transportation supervisors. OASBO's chief fiscal officer members (school treasurers) have a specific interest in HB 705. We hope you will agree with the need to pass this legislation as soon as possible.

HB 705 would establish a narrow exception to Ohio's strict liability law in cases where school district treasurers have made payments based on information supplied by other school district staff that are later found to be inappropriate. For example, if an employee has failed to renew his/her license or the district hires someone who is not properly licensed, the employee cannot be paid for the services rendered. However, if a mistake is made and the treasurer makes payment for those services, the treasurer can be required to reimburse the district for the mistaken payment, even though the treasurer has no authority to make hiring or staffing recommendations.

By way of background, Ohio Revised Code (ORC) Section 3313.31 has long stated that the treasurer "... shall be responsible for the financial affairs of the district, and shall report to and is subject to the direction of the district board of education. Except as otherwise required by law, no treasurer shall be required to verify the accuracy of nonfinancial information or data of the school district."

However, under current law (ORC Section 3319.36), some OASBO members have been found financially liable because of mistakes made by others in the district. HB 705 would clarify that the treasurer is not financially liable when mistakes are made based on non-financial information. The bill also modernizes the process regarding the verification of employee credentials. If a treasurer is found to be legally negligent or commits wrong doing, HB 705 will not protect them. However, the changes in HB 705 are a reasonable approach to removing the risk to their own personal assets treasurers currently face.

While it is true that the ORC currently requires school treasurers to be bonded, the bond is purchased for the protection of the school district. If the bond company pays the district for the payment made to an improperly credentialed employee, the company will then seek reimbursement from the school treasurer. Even though the employee performed the service and is required by federal law to be paid, the treasurer can be forced to reimburse the bond company.



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School districts have the benefit of a certain amount of flexibility in the education they provide students through locally elected boards of education. However, there are many rules and regulations set by the state and federal governments that influence the roles of school district leaders. Many districts now have human resources departments to handle the many employment duties required of them. Mistakes can happen, including those related to the employment of staff.

Districts should have the opportunity to correct problems rather than individual school leaders punished. We believe that holding treasurers financially liable in these cases will eventually have a chilling effect on districts' ability to find highly qualified individuals for the position of treasurer/CFO.

The proposed provisions in HB 705 will not prohibit the Auditor of State from issuing citations to school districts and/or working with district staff to develop improved procedures. When payments have been made by mistake to employees not properly credentialed, corrective action may be called for, however, the treasurer's (or superintendent's) personal assets should not be at risk in these cases.

This concludes my testimony. I urge you to support HB 705. I will be happy to address your questions.