



OHIO EDUCATION ASSOCIATION

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The OEA will lead the way for continuous improvement of public education while advocating for members and the learners they serve.

House Government Accountability and Oversight Committee

House Bill 87

OEA Proponent Testimony

May 17, 2017

Chair Blessing, Ranking Member Clyde and members of the committee, my name is Matthew Dotson and I work in the Ohio Education Association's (OEA) Government Relations Division. On behalf of the OEA's 124,000 members, thank you for the opportunity to submit written Proponent testimony regarding House Bill 87.

OEA strongly supports HB 87. The bill takes important steps to ensure that findings for the recovery of public dollars that are identified by the state auditor as the result of an audit of a charter school be returned to the school districts from which the funds were deducted, or to where the charter school students would otherwise attend.

HB 87 would do the following:

Auditor of State finding for recovery based on over-reporting charter school enrollment:

- **HB 87 requires the Ohio Department of Education (ODE) to credit the returned funds to the state education aid of the school districts from which the money was initially deducted, in the amount that was originally deducted.**
- Currently, state law is silent regarding the distribution of funds that are the result of an audit of charter school enrollment records.
- For example, Auditor of State Dave Yost released a special audit in June 2015 announcing that officials at the now-closed General Chappie James Leadership Academy (Montgomery County) padded attendance rolls by nearly 50 percent. Findings for recovery in that instance total more than \$1.1 million. Auditors discovered that the academy had reported attendance levels of 459 students. However, for 220 of those students, documentation could not be produced to prove the students actually attended the academy during the period for which it received funding. Several students were claimed for multiple years -- indicating fraud and not simple bookkeeping errors. The majority of students had initially enrolled in the academy, but had not attended in several years, or in some cases, were enrolled but never attended.

Auditor of State finding for recovery for reasons other than over-reporting charter school enrollment:

- **HB 87 requires ODE to redistribute the funds to the school districts of the students enrolled in the charter school at the time the finding is issued, in an amount proportional to each district's share of the charter school's total enrollment at that time.**
- Currently, state law requires funds recovered from a charter school audit for reasons other than over-reporting enrollment to be deposited in the Ohio General Revenue Fund.
- For example, Auditor Yost released a series of audits in February 2014 identifying a total of \$627,486 in Findings for Recovery against Greater Heights Academy (Cuyahoga County). According to the audit, a former board member of the now closed school demanded and accepted more than half of a million dollars of improper payments. These audits also issued a \$42,907 finding as a result of misused state funding. ODE had issued these funds as reimbursement for the academy's student lunch program. Instead of allocating the funds towards lunches, they were deposited into a bank account held by the academy's sponsor. The remaining \$77,373 in findings for recovery was identified as unsupported expenditures. The audits covered the period 2006-2009.

In the news release announcing the Greater Heights Academy audit, Auditor Yost stated: "This is a different type of greed. No matter how many audits we release with findings like this, I'll never understand what motivates people to steal from children."

HB 87 alone will not fix this problem, but it has the potential to reduce the adverse impact imposed on Ohio's children.

OEA urges the committee to pass this sensible accountability legislation.