**Senate Local Government, Public Safety and Veterans Affairs Committee**

**Substitute HB 291 Proponent Testimony**

**Ohio School Boards Association**

**Buckeye Association of School Administrators**

**Ohio Association of School Business Officials**

**November 13, 2018**

Chairman Uecker, Vice Chairman Wilson, Ranking Minority Member Thomas and members of the Committee. My name is Thomas Ash, Director of Governmental Relations for the Buckeye Association of School Administrators (BASA). I am also speaking today on behalf of my colleagues Barbara Shaner, Advocacy Specialist for the Ohio Association of School Business Officials (OASBO), and Jennifer Hogue, Director of Legislative Services for the Ohio School Boards Association (OSBA). Thank you for the opportunity to speak to you today to express our support for Substitute House Bill (Sub. HB) 291.

Our three organizations represent public school district boards of education, superintendents, treasurers/CFOs, business managers, and other school business officials from around the state. On behalf of our collective memberships, I am here in support of Sub. HB 291. The changes proposed in the bill represent additional options for schools and local governments as they seek to provide accountability for the expenditure of the public dollars for which they are responsible.

Currently, the Ohio Revised Code requires the purchase of a bond to cover losses to a school district when monies are spent incorrectly, or payment mistakes are made. The bond will reimburse the school district in such cases; however, the bond service will then seek to be reimbursed by the individual who is covered by the bond (the school treasurer in the case of a school district). This means that a school treasurer may find themselves at personal financial risk when fraud is committed by another school employee or mistakes are made by the district when making payments.

Sub. HB 291 seeks to permit school districts (in lieu of purchasing a bond) to purchase liability insurance coverage to compensate the school district when losses occur, however, the insurance company would suffer the loss rather than an individual school employee. We liken this to Errors and Omissions policies often utilized in the private sector. Like any other type of insurance policy, this liability insurance would be obtained with the knowledge and understanding that the liability lies with the insurance company for payment. District boards would acquire coverage that meets any minimum requirements currently set by law for the bond and secure the policy details that best meet the district’s needs.

Ohio Revised Code Section 3313.25 which mandates the purchase of a bond for school treasurers has not changed since 1979. We believe the provisions in Sub. HB 291 will serve to modernize the statute allowing appropriate local flexibility while still maintaining proper protections for the public funds used by school districts. Nothing in Sub. HB 291 would serve to undermine accountability for the professionals managing those funds.

This concludes our testimony. We urge you to approve Sub. HB 291. I will be happy to address your questions.