



Legislative Update; ECOT and other Hot Issues

NWOESC Administrator Retreat

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OVERVIEW

- Politics & Policy
- State Revenues
- Legislative Update
 - Misc. budget items
 - Pending legislation
 - ECOT
- Treasurer Liability
- OASBO Membership

Politics & Policy

- Lame Duck Governor
 - 47 Budget Vetoes
 - 11 Legislative Veto Overrides (so far)
- 2018 Gubernatorial Race already heating up
 - 4 Republican Candidates Declared
 - 5 Democratic Candidates Declared
- Federal Funding for Education ???
- State ESSA Plan
- ACA Continues

Current State Revenues

- According to OBM, FY17 End-of-year GRF Tax revenues were \$849 million below the July 2016 estimated amount.
 - \$654 million (77%) of this shortfall was from personal income tax collections.
- LSC revenue projections for FY 2018 and FY 2019 went down between February when the budget was introduced and June when it was finalized. LSC projections went down by:
 - **\$466 million** for final FY 2017
 - **\$501 million** for FY 2018
 - **\$520 million** for FY 2019
- State budget for education set to increase less than 1% over the biennium

Legislative Update ~ Misc. Budget Items

- ODE plans to begin making payments to districts with updated data based on the budget bill in the first payment in October (some items could be implemented sooner).
- Auxiliary Services Payments
 - Money goes directly to private (non-religious) schools
 - ODE working on guidance
 - Not effective until 90 days after governor's signature (end of September)
- Alternative Graduation Pathways for class of 2018
- School bus purchase
 - Bid bonds not required unless board of education requests that bid bonds be part of competitive bidding process

Legislative Update ~ Misc. Budget Items

- Permits a district to request approval from OFCC to incur un-voted debt to purchase or convert to alternative fuel vehicles
 - Limit would be 1% of district's tax valuation
- Eliminates 4th and 6th grade social studies state assessments
 - Districts still need to teach and locally assess social studies in these grade levels
 - Assessment results NOT reported to ODE
- Requires a district that offers summer academic intervention services to allow an approved summer food service program sponsor to use the school's facilities.
- Eliminates funding for Payment in Lieu of Transportation

Legislative Update ~ Misc. Budget Items

- Business Advisory Councils:
- Original proposal for 3 nonvoting, advisory members representing local business interests to be appointed to local boards of education removed
- However, business advisory council requirements strengthened
 - Council must advise board on employment skill needs, job market changes, and suggestions for developing working relationship among business & labor
 - Council must meet at least quarterly
 - Each council and board must file by March 1 of each year a joint statement describing how both parties have fulfilled responsibilities

Legislative Update ~ Misc. Budget Items

- College Credit Plus:
- Program information deadline moved from March 1 to February 1
 - Applies to all students in grades six through eleven
- Participating students must be “remediation-free” on an assessment.
 - Alternative: score within one standard error of measurement and either have GPA of at least 3.0 or receive recommendation from teacher or counselor.
 - College to pay for one assessment to determine eligibility and any additional assessments are financial responsibility of the student.
- Chancellor (in consultation with SSPI) to adopt rules specifying which courses under CCP are eligible for funding
 - To address sequence of courses and school year for the rule implementation
 - Chancellor required to receive input from high schools

Legislative Update ~ Misc. Budget Items

- SERS COLA Changes:
- The SERS Board asked the legislature for authority to address the COLA for retirees
 - Board has voted to suspend the COLA for current and future retirees
 - Retirees would experience a 3-year suspension of the COLA
- Bills were introduced in the House and the Senate, but change was inserted in the budget bill
- Repeals existing 3% annual cost-of- living adjustment (COLA), effective December 31, 2017
 - Makes the annual COLA “permissive” beginning on January 1, 2018
 - SERS Board may adopt a COLA that is not more than 2.5% tied to the Consumer Price Index

Legislative Update ~ Pending Legislation

- HB 200 & SB 85 ~ Voucher Expansion
 - Combines all current vouchers (except Jon Peterson & autism scholarships) to create “Opportunity Scholarship Program” beginning in 2018-2019 school yr.
 - Students in every school district could be eligible for a voucher (maximum 60K students – increases incrementally as demand expands)
 - \$5000 for K-8; \$7500 for 9-12
 - Students whose family income is at or below 400% of poverty qualify
 - Voucher amounts prorated based on poverty level
 - 400% of poverty student receives ½ voucher amount
 - Voucher goes toward tuition
 - Balance (if any) goes into education savings account for future tuition
 - Remaining tuition costs are the responsibility of the student
 - State pays for voucher directly
 - Organizations oppose any expansion of public funds for private schools

Legislative Update ~ Pending Legislation

- HB 312 ~ Credit Card Use

- Includes:

- Bank- issued credit card
 - Store-issued credit card
 - Any other card allowing the holder to purchase goods or services on credit

- Does not Include:

- Procurement card
 - Gasoline or telephone credit card
 - Any other card where merchant category codes are in place as a system of control for use of the card

- Require school districts that use credit cards to have board policy. The policy shall include provisions addressing all of the following:

- The officers or positions authorized to use credit cards;
 - The types of expenses for which the credit card may be used;
 - The procedure for use of a credit card;
 - How frequently the board or authority has credit cards reissued;
 - The entity's credit card's maximum spending limit or limits; and
 - The actions or omissions by an officer or employee that qualify as misuse of a credit card.

Legislative Update ~ Pending Legislation

- HB 312, Cont.
 - If the treasurer does not control the district's credit cards and/or the district's name is not on the credit cards, district must appoint a "Compliance Officer"
 - Different from the treasurer
 - Compliance Officer periodically reviews number of credit cards, credit limits, etc.
 - Compliance Officer cannot have use of credit cards
 - If the treasurer controls the credit cards:
 - The employee signing out a credit card shall provide the treasurer an itemized receipt for each charge upon returning the credit card
 - The employee is personally liable to reimburse the treasury the amount for which the employee does not provide itemized receipts.

Legislative Update ~ Pending Legislation

- HB 312 ~ Cont.
 - Proposed by the Auditor of State
 - OASBO AOS Advisory Committee met with AOS in November to discuss first version of the proposal. The original proposal would have:
 - Specified what the credit cards could be used for
 - Established credit limits in the ORC
 - Included vague language on what was included (i.e., credit cards, store cards, etc.)
 - Several changes were made to the initial proposal
 - HB 312 represents the 7th iteration of the proposal
 - The bill was just introduced ~ no hearings yet
 - OASBO members need to weigh in!

Legislative Update ~ Pending Legislation

- HB 124 & HB 237 ~ Multi-county levies
 - HB 124 allows the Delaware County Career Center to put its renewal levy on the ballot in the surrounding counties only
 - The Delaware County Board of Elections failed to distribute the ballot language to the other affected counties in the district
 - The Tax Commissioner refused to certify the levy and the district cannot collect
 - The Supreme Court upheld the Tax Commissioner decision
 - Legislators passed HB 124 with an emergency clause
 - HB 237 was introduced to require districts with multi-county voters in the future to notify the county boards of elections in all the affected counties
 - HB 49 (the budget bill) includes language that expands the information contained in the school board resolution for submitting a ballot question to the voters (may be a result of the Delaware County issue)

Legislative Update ~ ECOT

- Litigation still pending over ODE's determination that enrollment levels reported ECOT could not be confirmed
 - ECOT reported 15,300 students in FY 16 ~ state could only verify 6300
 - State concluded ECOT owes \$60 million for FY 16
 - FY 17 enrollment audit not complete
- State began withholding $\frac{1}{4}$ of ECOT's payments for the current fiscal year in July to recover the \$60 million
- Auditor Yost advised ODE to withhold more since ECOT is still claiming 14,000+ students for the current fiscal year
 - ODE announced this week it would withhold an addition 12.5% of payments
- The Ohio Supreme Court has not yet ruled on the case
 - The state/ODE has prevailed at every level up to now
- School districts will eventually receive some money back
 - Essentially, the refunds will cover the local share of funding

Treasurer Liability Issues

- ODE Investigations seem to be on the Rise
 - More incidents of employees receiving payment without proper credential
- AOS acts when made aware of possible inappropriate payments
 - Do not address this issue in the course of a regular audit
- ORC “Strict Liability” means treasurer/CFO is responsible for inappropriate payments (as with all local government entities)
- Reality: Treasurers are not responsible for hiring decisions ~ often must rely on others to confirm that employees are properly credentialed
 - Superintendents recommend hires to the BOE
 - Some districts rely on human resources department

Treasurer Liability Issues

- Two treasurers have been named as secondary in Finding for Recovery
 - Paid a Substitute Educational Aide who didn't have a permit
- OASBO, OSBA & BASA successfully advocated for change. Am. Sub. HB 49:
 - Permits a superintendent to allow an unlicensed educational aide to work as a substitute so long as all the following criteria are met:
 - the application materials indicate the individual is qualified to obtain a permit or license.
 - the individual passes a criminal records check.
 - the individual has filed an application with ODE for a permit or license.
 - Allows a district treasurer to pay the employee.

Treasurer Liability Issues

- OASBO takes steps to help:
 - Professional Assistance to Members Impacted
 - Risk awareness of members through professional development offerings and written publications
 - April Hot Topics Seminar that covered Treasurer Liability was recorded and available for purchase w/ contact hours
 - Found on the OASBO Website in the professional development section, under Recorded Seminars
 - Several meetings with representatives from the Ohio Department of Education and the Auditor of State
 - Increase understanding of the risk to members as well as tools and resources available
 - Inform state leaders of the challenges faced by school districts and specifically, school business officials.
 - Requested standard form for superintendent sign-off
 - Commissioned legal research on treasurer liability
 - Legislative Committee meeting in August to discuss possible additional legislative options
 - Seeking options to secure professional liability insurance for professional members for errors and omissions that may lead to a Finding for Recovery

OASBO Membership



OASBO Update

- Education Finance Committee has Appointed a Fund Balance Task Force
 - Resulted from questions about large fund balances
 - County auditors (levy rates)
 - State budget (governor's claims)
 - 6 Practicing treasurers and 1 vendor
 - Charged with creating a white paper on Fund Balances
 - Cash balance policy (i.e., GFOA has issued white papers on recommended thresholds)
 - Impact on 412 certificates impacting collective bargaining or other contracts
 - Cash balance is one-time money and any reduction of millage has ongoing effect
 - Capital planning – some districts build reserves to fund capital projects
 - Information on County Budget Commission authority
 - Initial meeting mid-July; follow up meeting (with assignments) mid-August

OASBO Update

- Membership renewals are still in full swing
 - The drawing for early bird renewals will take place at the leadership retreat in a couple week
 - The grace period for memberships ends on 8/15
- A new fall treasurers hot topics seminar will be offered
 - Watch for details!
 - CPIM will be available

OASBO Update

- Effective April 24, 2017, OASBO restated its 457 Plan modifying investment options as well as adding AXA as a plan provider.
- To ensure districts remain in compliance, it is important for those districts participating in the OASBO 457 Plan to complete the following steps at your earliest opportunity:
 - 1) Adopt Board resolution approving revisions to the OASBO 457 Plan
 - 2) Execute 457 Plan Adoption Agreement
 - 3) Execute 457 Plan Provider Selection Agreement
 - 4) Submit executed documents to your plan providers (VOYA, AXA or Both)
- These documents can be found on the OASBO website: <https://oasbo-ohio.org/oasbo-services/457b-deferred-compensation-retirement-plan>

Budget Analysis and Discussion (BAD) workshop

- Jointly sponsored by OASBO, OSBA & BASA
- Monday, August 14 from 8:15- 3:15
- Nationwide Hotel and Conference Center, 100 Green Meadow Dr. S, Lewis Center
- Guests include:
 - Ryan Smith, House Finance Committee Chair
 - Scott Oelslager, Senate Finance Committee Chair (invited)
 - Howard Fleeter, Ohio Education Policy Institute Consultant
 - Aaron Rausch, Director of ODE's Office of Budget and School Funding
- Cost is \$205- covers workshop registration, materials, lunch and refreshments
- Register online at www.ohioschoolboards.org or contact Laurie Miller at lmiller@ohioschoolboards.org

Questions???

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