House Government Accountability and Oversight Committee
Substitute HB 312 Interested Party Testimony
Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
October 17, 2017

Good afternoon Chairman Blessing, Vice Chair Reineke, Ranking Minority Member Clyde and members of the Committee. My name is Barbara Shaner, Advocacy Specialist for the Ohio Association of School Business Officials (OASBO). Joining me today for this testimony and in answering your questions are Jennifer Hogue, Director of Legislative Services for the Ohio School Boards Association (OSBA) and Thomas Ash, Director of Governmental Relations for the Buckeye Association of School Administrators (BASA). Thank you for the opportunity to speak to you today to share our views on Substitute House Bill (Sub. HB) 312.

We begin by thanking State Auditor Dave Yost and his staff for working with our organizations as this legislation was being developed. We believe the proposal has benefited from the input of practitioners in the field.

We are here today as interested parties to share some remaining comments about the bill as collected from our members. These comments were derived specifically from a meeting of the OASBO Auditor of State Advisory Committee, a group that meets regularly with representatives from Auditor Yost's office.

Members **agree that a board policy should be required**. However, we continue to hear concerns about listing the provisions of the required policy in the Ohio Revised Code. The majority of districts already have board policies governing credit card use and strong fiscal "controls" in place to prevent fraud. Sub. HB 312 should simply require a board policy, but allow local flexibility in the policy provisions to account for each district's unique circumstances. Further, the bill should not require districts to change their current, effective policies. Perhaps the Auditor of State could be requested to provide sample model policies for districts as a guide.

Members continue to tell us they are opposed to the appointment of a new, separate Compliance Officer. This adds bureaucracy to the process and in the end, it will still be the school district treasurer who is responsible for the credit card use in the district. There is no objection to **the treasurer/CFO being required to**

periodically review the status of the credit cards in the district such as expiration dates, credit limits, and the number of cards.

Members say the detail of the receipt requirements in Sub. HB 312 are not necessary and should not be spelled out in the Ohio Revised Code. **District's already require documentation for <u>all purchases,</u>** and it is illegal under current law for the misspending of school district funds. The bill does not allow the current local flexibility for those procedures. For example, there may be procedures in place for obtaining lost credit card receipts. The bill is very prescriptive and supplants the current local control over accountability for expenditures.

Members have expressed quite a bit of concern over the requirement to report information about rewards programs. There are many differences in how those programs operate. For instance, some credit cards offer cash-back for purchases while other store credit cards may provide discounts on future purchases. School districts use credit cards for everything from premium payments for Workers Compensation, to reserving rooms for staff attending conferences, to purchasing classroom supplies. In fact, there are fewer and fewer entities that accept checks and purchase orders as payment these days, so credit cards are a good option for many districts.

Rewards programs are seen as another tool to be used to enhance the educational opportunities for students. Our members see the reporting requirements as **a new administrative burden and mandate and one that infringes on their local control of the fiscal management of the district**. There are already strict prohibitions on the rewards being redeemed for the benefit of individuals. The rewards are used to offset other district costs or provide savings on purchases.

Finally, a concern expressed by practitioners in the field is the broad stroke painted by the proposed legislation. It has been stated that 90% of local governments already have credit card policies in place. We believe the vast majority of school districts currently have effective policies and practices. Further, whether using credit cards, checks, or purchase orders, schools follow very strict rules when purchasing items for the district. There is no guarantee the mandates contained in Sub. HB 312 will prevent the willful misuse of district funds.

We urge the committee to review the comments listed above for improvements to Sub. HB 312. We agree that the expenditure of public funds is a serious matter. However, new legislation should take into account the accountability measures already in place in the majority of Ohio's school districts.

Thank you for your consideration. We'll be happy to address your questions.