



Ohio Legislative Service Commission

Bill Analysis

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H.B. 459*

131st General Assembly
(As Reported by H. Education)

Rep. Schuring

BILL SUMMARY

- Generally, permits the Auditor of State to conduct a performance audit of an educational service center.
- Requires the Auditor of State to conduct a comprehensive performance audit of all educational service centers in the state within three years after the bill's effective date.
- Permits the State Board of Education to use the Auditor of State's comprehensive performance audit report to determine what a "high-performing" ESC is for funding purposes.

CONTENT AND OPERATION

Performance audits of educational service centers

General authority

The bill provides express general authority to the Auditor of State to conduct performance audits of educational service centers (ESCs), on the Auditor's initiative.¹

Required performance audit of all ESCs

In an uncodified provision the bill also specifically requires the Auditor of State to conduct a "comprehensive performance audit" of all ESCs in the state, not later than

* This analysis was prepared before the report of the House Education Committee appeared in the House Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

¹ R.C. 3311.051.

three years after the bill's effective date. The cost of the audit must be paid by the ESCs in proportion to each ESC's student count.² An ESC's student count is the sum of the total student counts of all the school districts with which the ESC has entered into a service agreement. For that purpose, each district's "total student count" is the average daily student enrollment reported on the most recent state report card issued for the district.³

The bill further requires the Auditor of State to submit a report of the performance audit to all of the following:

- (1) The Department of Education;
- (2) The State Board of Education;
- (3) The Superintendent of Public Instruction;
- (4) The Governor;
- (5) The ESCs;
- (6) The Speaker and Minority Leader of the House of Representatives; and
- (7) The President and Minority Leader of the Senate.⁴

Use of audit report for funding determinations

The bill expressly permits the State Board to use the Auditor of State's comprehensive performance audit report (described above) to determine what a "high-performing" ESC is for funding purposes under current law.⁵ The operating budget act for the 2015-2017 biennium directs the Department of Education, for fiscal year 2017, to pay \$35 for each student in a "high-performing" ESC's student count, instead of \$33 per student as otherwise provided by that act. Under that provision, a "high-performing" ESC is one "that reduces client school district expenditures in fiscal year 2016 through efficiencies attained by coordinating and consolidating services." In administering that payment provision, the State Board must adopt rules for criteria the Department will

² Section 2.

³ R.C. 3313.843(G), not in the bill.

⁴ Section 2.

⁵ Section 2.



use in determining the degree of efficiencies that must be attained by an ESC in order to qualify for the extra payment.⁶

Background

Educational service centers

Educational service centers (ESCs) are regional public entities that offer a broad spectrum of services, including curriculum development, professional development, purchasing, publishing, human resources, special education services, and counseling services, to school districts and community schools in their regions under agreements entered into with the districts and schools. Each ESC is under the oversight of its own elected governing board. Currently, there are 52 ESCs each serving districts in one or more counties in the state.⁷

Performance audits

The Revised Code contains provisions that require or permit the Auditor of State to conduct a performance audit of various state agencies and entities. For instance, current law authorizes the Auditor of State to conduct a performance audit of a school district that is under fiscal caution, fiscal watch, or fiscal emergency on the Auditor's initiative. However, the Auditor of State must conduct a performance audit of any such school district if the state Superintendent requests it.⁸

HISTORY

ACTION	DATE
Introduced	02-10-16
Reported, H. Education	---

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⁶ Section 263.390 of H.B. 64 of the 131st General Assembly, not affected by the bill.

⁷ R.C. 3311.05, not in the bill. See also <http://www.oesca.org/vnews/display.v/SEC/ESCs>, last visited May 24, 2016.

⁸ R.C. 3316.042, not in the bill.

