



Ohio Revised Code

Section 3316.031 Identifying unsafe fiscal practices and budgetary conditions.

Effective: October 3, 2023

Legislation: House Bill 33

(A) The director of education and workforce, in consultation with the auditor of state, shall develop guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of a fiscal watch or fiscal emergency within a school district.

The guidelines shall not include a requirement that a school district submit financial statements according to generally accepted accounting principles.

(B)(1) If the director determines from a school district's five-year forecast submitted under section 5705.391 of the Revised Code that a district is engaging in any of those practices or that any of those conditions exist within the district, after consulting with the district board of education concerning the practices or conditions, the director may declare the district to be under a fiscal caution.

(2) If the auditor of state finds that a district is engaging in any of those practices or that any of those conditions exist within the district, the auditor of state shall report that finding to the director and, after consulting with the district board of education concerning the practices or conditions, the director may declare the district to be under a fiscal caution.

(3) Unless the auditor of state has elected to declare a state of fiscal watch under division (A)(4) of section 3316.03 of the Revised Code, the director shall declare a school district to be under a fiscal caution if the conditions described in divisions (A)(4)(a) and (b) of that section are both satisfied with respect to the school district.

(C) When the director declares a district to be under fiscal caution, the director shall promptly notify the district board of education of that declaration and shall request the board to provide written proposals for discontinuing or correcting the fiscal practices or budgetary conditions that prompted the declaration and for preventing the district from experiencing further fiscal difficulties that could result in the district being declared to be in a state of fiscal watch or fiscal emergency.



(D) The director, or a designee, may visit and inspect any district that is declared to be under a fiscal caution. The department of education and workforce shall provide technical assistance to the district board in implementing proposals to eliminate the practices or budgetary conditions that prompted the declaration of fiscal caution and may make recommendations concerning the board's proposals.

(E) If the director finds that a school district declared to be under a fiscal caution has not made reasonable proposals or otherwise taken action to discontinue or correct the fiscal practices or budgetary conditions that prompted the declaration of fiscal caution, and if the director considers it necessary to prevent further fiscal decline, the director may determine that the district should be in a state of fiscal watch. As provided in division (A)(3) of section 3316.03 of the Revised Code, the auditor of state shall declare the district to be in a state of fiscal watch if the auditor of state finds the director's determination to be reasonable.