



Ohio Revised Code

Section 3313.483 Delaying opening for financial reasons.

Effective: September 29, 2013

Legislation: House Bill 59 - 130th General Assembly

(A) A board of education, upon the adoption of a resolution stating that it may be financially unable to open on the day or to remain open for instruction on all days set forth in its adopted school calendar and pay all obligated expenses, or the superintendent of public instruction upon the issuance of written notification under division (B) of section 3313.489 of the Revised Code, shall request the auditor of state to determine whether such situation exists. The auditor shall deliver a copy of each request from a board of education to the superintendent of public instruction. In the case of a school district not under a fiscal emergency pursuant to Chapter 3316. of the Revised Code the auditor shall not issue a finding under this section until written notification is received from the superintendent pursuant to section 3313.487 of the Revised Code.

(B) If the auditor of state finds that the board of education has attempted to avail itself to the fullest extent authorized by law of all lawful revenue sources available to it except those authorized by section 5705.21 of the Revised Code, the auditor shall certify that finding to the superintendent of public instruction and the state board of education and shall certify the operating deficit the district will have at the end of the fiscal year if it commences or continues operating its instructional program in accordance with its adopted school calendar and pays all obligated expenses.

(C) No board of education may delay the opening of its schools or close its schools for financial reasons. Upon the request of the superintendent of public instruction, the attorney general shall seek injunctive relief and any other relief required to enforce this prohibition in the court of common pleas of Franklin county. The court of common pleas of Franklin county has exclusive original jurisdiction over all such actions.

(D) Upon the receipt of any certification of an operating deficit from the auditor of state, a board of education shall make application to a commercial bank, underwriter, or other prospective lender or purchaser of its obligations for a loan in an amount sufficient to enable the district to open or remain open for instruction on all days set forth in its adopted school calendar but not to exceed the amount of the deficit certified.



(E)(1) Any board of education that has applied for and been denied a loan from a commercial bank, underwriter, or other prospective lender or purchaser of its obligations pursuant to division (D) of this section shall submit to the superintendent of public instruction a plan for implementing reductions in the school district's budget; apply for a loan from a commercial bank, underwriter, or other prospective lender or purchaser of its obligations in an amount not to exceed its certified deficit; and provide the superintendent such information as the superintendent requires concerning its application for such a loan. The board of education of a school district declared to be under a fiscal watch pursuant to division (A) of section 3316.03 of the Revised Code may, upon approval of the superintendent, utilize the financial plan required by section 3316.04 of the Revised Code, or applicable parts thereof, as the plan required under this division. The board of education of a school district declared to be under a fiscal emergency pursuant to division (B) of section 3316.03 of the Revised Code may utilize the financial recovery plan for the district, or applicable parts thereof, as the plan required under this division. Except for the plan of a school district under a fiscal emergency, the superintendent shall evaluate, make recommendations concerning, and approve or disapprove each plan. When a plan is submitted, the superintendent shall immediately notify the members of the general assembly whose legislative districts include any or all of the territory of the school district submitting the plan.

(2) The superintendent shall submit to the controlling board a copy of each plan the superintendent approves, or each plan submitted by a district under a fiscal emergency pursuant to division (B) of section 3316.03 of the Revised Code, and the general terms of each proposed loan, and shall make recommendations regarding the plan and whether a proposed loan to the board of education should be approved for payment as provided in division (E)(3) of this section. The controlling board shall approve or disapprove the plan and the proposed loan presented to it by the superintendent. In the case of a district not under a fiscal emergency pursuant to division (B) of section 3316.03 of the Revised Code, the controlling board may require a board of education to implement the superintendent's recommendations for expenditure reductions or impose other requirements. Loan repayments shall be in accordance with a schedule approved by the superintendent, except that the principal amount of the loan shall be payable in monthly, semiannual, or annual installments of principal and interest that are substantially equal principal and interest installments. Except as otherwise provided in division (E)(2) of this section, repayment shall be made no later than the fifteenth day of June of the second fiscal year following the approval of the loan. A school district



with a certified deficit in excess of either twenty-five million dollars or fifteen per cent of the general fund expenditures of the district during the fiscal year shall repay the loan no later than the fifteenth day of June of the tenth fiscal year following the approval of the loan. In deciding whether to approve or disapprove a proposed loan, the controlling board shall consider the deficit certified by the auditor of state pursuant to this section. A board of education that has an outstanding loan approved pursuant to this section with a repayment date of more than two fiscal years after the date of approval of such loan may not apply for another loan with such a repayment date until the outstanding loan has been repaid.

(3) If a board of education has submitted and received controlling board approval of a plan and proposed loan in accordance with this section, the superintendent of public instruction shall report to the controlling board the actual amounts loaned to the board of education. Such board of education shall request the superintendent to pay any funds the board of education would otherwise receive pursuant to Chapter 3306. of the Revised Code first directly to the holders of the board of education's notes, or an agent thereof, such amounts as are specified under the terms of the loan. Such payments shall be made only from and to the extent of money appropriated by the general assembly for purposes of such sections. No note or other obligation of the board of education under the loan constitutes an obligation nor a debt or a pledge of the faith, credit, or taxing power of the state, and the holder or owner of such note or obligation has no right to have taxes levied by the general assembly for the payment of such note or obligation, and such note or obligation shall contain a statement to that effect.

(4) Pursuant to the terms of such a loan, a board of education may issue its notes in anticipation of the collection of its voted levies for current expenses or its receipt of such state funds or both. Such notes shall be issued in accordance with division (E) of section 133.10 of the Revised Code and constitute Chapter 133. securities to the extent such division and the otherwise applicable provisions of Chapter 133. of the Revised Code are not inconsistent with this section, provided that in any event sections 133.24 and 5705.21 and divisions (A), (B), (C), and (E)(2) of section 133.10 of the Revised Code do not apply to such notes.

(5) Notwithstanding section 133.36 or 3313.17, any other section of the Revised Code, or any other provision of law, a board of education that has received a loan under this section may not declare bankruptcy, so long as any portion of such loan remains unpaid.



(F) Under this section and section 3313.4810, "board of education" or "district board" includes the financial planning and supervision commission of a school district under a fiscal emergency pursuant to Chapter 3316. of the Revised Code where such commission chooses to exercise the powers and duties otherwise required of the district board of education under this section and section 3313.4810 of the Revised Code.