
Detailed Fiscal Analysis

The bill reinstates the permission for school districts and educational service centers to hire nonlicensed persons under limited administrative contracts as long as the employees are considered supervisory or management personnel for purposes of collective bargaining. Examples are cafeteria workers or bus drivers who are promoted to supervisory positions on contracts of up to three years' duration. The amendment declares an emergency, in order to restore contracting authority to school districts in time for the next fiscal year.

This permission existed in law prior to the enactment of S.B. 230 by the 121st General Assembly. That act, however, effectively removed the above-described personnel from the definition of "other administrator", which describes the personnel to whom the permission applies. Thus, such contracts with nonlicensed personnel are no longer specifically covered by existing statute. The permission for these contracts would be reinstated by this bill, by augmenting the definition of "other administrator" in the current Revised Code (section 3319.02, division (A)) to include such nonlicensed personnel. Thus, H.B. 56 seeks to return these personnel to the situation that existed before S.B. 230.

The applicable sections of S.B. 230 became effective on October 29, 1996. By that date, however, the school districts and educational service centers would already have contracted for the current 1996-97 school year with the vast majority of their nonlicensed administrators.

Thus, the current law would be expected to have its chief fiscal effects beginning with contracts for the 1997-98 school year, although those (probably few) new or renegotiated contracts signed during the 1996-97 school year would be the first ones affected. Therefore, any of these few 1996-97 contracts entered into after the effective date of this bill would be the first ones that would be affected by this bill. Given their probably small number, the fiscal effects for the current year are expected to be minor.

The major fiscal effect of H.B. 56 would arise from annual differences in contract administration costs between the two cases: (a) if nonlicensed personnel were to continue to be excluded from the "other administrator" category; and (b) if H.B. 56 were to become effective, thereby reinstating nonlicensed personnel in that category.

Since the contracts' financial terms would probably be similar in either case, no major fiscal effect is anticipated from the contracts themselves. However, there is a potential effect that could arise from school districts' efforts to terminate such contracts. Under current law, given that such employees are excluded from "other administrators", their contracts might no longer be terminable simply by the boards' issuing written notices not to reemploy, as section 3319.02 provides. If so, the termination processes could prove to be significant and costly to the boards, as they could include hearings, consultations and litigations. H.B. 56, however, would preclude those costs by allowing the termination process to again be governed by section 3319.02.

Depending on the various situations encountered, the difference between the termination costs in the two cases could vary greatly; hence, a wide range is possible in the above table of potential savings.