

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2280 - A

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session  
Legislative Fiscal Office

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### Measure Description:

Authorizes Secretary of State to conduct performance audits of school districts and education service districts.

### Government Unit(s) Affected:

Education Service Districts (ESD), School Districts, Department of Education, Secretary of State

**Summary of Expenditure Impact:** See Analysis

### Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

### Analysis:

The measure permits the Department of Education to initiate a financial audit or performance audit of a school district or education service district (ESD) based on factors identified by the Department by rule. The measure allows the Department to contract with the Secretary of State or a private entity to conduct the audit if the Secretary of State is unable or unwilling. The measure allows the Secretary of State or the Department of Education to charge school districts or ESD's for a portion of the costs incurred for the audit. Currently, school districts and ESDs pay for annual financial audits performed by private auditors that are reviewed by the Secretary of State under the municipal monitoring program.

The fiscal impact is indeterminate. The number of audits initiated and the total costs of the audits are unknown. Depending on the scope of the audit, costs can range from \$100,000 to \$250,000. Additionally, the distribution of the total costs for audits between the Department of Education, Secretary of State, school districts, and ESD's is unknown.

The Department of Education will have a minimal fiscal impact to adopt rules relating to the initiation of financial or performance audits. Once the rules have been established, there may be a fiscal impact for the anticipated workload from the review of documentation provided by school districts or ESD's in the initiation of an audit. Depending on the cumulative workload requirements added this session or possible budget reductions, the legislature may need to review staffing requirements in the future should this legislation pass.