

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 25, 2009
POSITION: Oppose

BILL NUMBER: SB 106
AUTHOR: Senate Local Government

BILL SUMMARY: Local Agencies: Ethics Training

This bill would expand the list of local agency officials who must receive ethics training to include those who serve school districts, county offices of education (COEs), and community college districts. The bill would require local agency officials, who receive any form of compensation, stipend, or reimbursement, to receive ethics training by January 1, 2011 and at least every 2 years thereafter.

FISCAL SUMMARY

Chapter 700, Statutes of 2005, placed ethics training requirements on local government legislative members. As a result, the City of Newport Beach filed a test claim with the Commission on State Mandates for: (1) one-time costs for adopting written policy on compensation and developing expense forms, and (2) ongoing costs for attending meetings, reimbursing expenditures, compensation for attending two hours of ethics training, disseminating information annually on the training requirement and availability, and maintaining training records for five years.

Due to the similarity of this bill and Chapter 700, Statutes of 2005, Finance believes that the Commission on State Mandates could determine the activities prescribed in this bill to be state reimbursable mandated costs in excess of \$1.5 million Proposition 98 General Fund. Specifically, since training would be required for designated school and community college officials who receive compensation, the bill would likely create one-time costs to establish the program, and ongoing costs for associated administrative activities and officials' time to complete a minimum of two hours training.

Because it is unknown how many local agency officials receive compensation, for illustration purposes, we estimate that 2,500 eligible local school officials (50 percent of the approximate 5,000 school board members who are eligible to receive compensation) and 500 eligible community college trustees (according to the California Community College League of California) would receive training. Ongoing costs to notify, track, and compensate these estimated 3,000 local agency officials would be \$720,000 (10 hours at \$24 per hour x 3,000 officials). Additionally, one-time costs to develop the associated policies and forms would be \$942,000 (6 hours at \$266 per hour {based on the Newport test claim} x 525 K-12 districts {50 percent of total K-12 districts and COEs to represent the 2,500 eligible local school officials} and 65 community college districts).

The California Attorney General's Office provides an interactive on-line ethics training course satisfying existing requirements for government officials at no cost to local agencies. We presume school districts, COEs, and community college districts would take advantage of this free service and, therefore, our estimate does not include costs to develop an ethics training course.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

Analyst/Principal Date Program Budget Manager Date
(0361) R. Storm Jeannie Oropeza

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

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- The bill would potentially create a new state mandated local program resulting in millions of dollars Proposition 98 General Fund costs that are not included in the 2009-10 Budget Bill.
- The bill could create cost pressures to compensate local school officials for time spent on training. Currently, there are approximately 2,500 local school officials and 500 community college trustees that are eligible for monthly stipends to attend meetings. Additional duties, such as training, could result in additional reimbursable costs.
- The bill is unnecessary. Current law provides school districts the flexibility to require their local school officials to receive ethics training if deemed necessary. Mandating new activities is contrary to the Administration's policy of giving local educational agencies greater administrative flexibility and control over their operations.

Chapter 700, Statutes of 2005 (AB 1234), requires any member of a local agency legislative body, any elected official of a local agency who receives compensation, and any designated local agency employee to receive two hours of specified ethics training every two years. Local agency, as specified in the statute, includes a city, county, city and county, charter county, charter city and county, or special district, but not school districts. This bill would expand this list to include school districts, COEs, and community college districts.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO RV	PROP 98	FC	2009-2010 FC	2010-2011 FC	2011-2012 FC	Fund Code		
6110/Dept of Educ	LA	Yes	C	\$719	C	\$1,438	C	\$1,438	0001
6870/Comm College	LA	Yes	C	\$112	C	\$224	C	\$224	0001