

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 827 (Gonzalez) – As Amended May 12, 2025

SENATE VOTE: 28-10

SUBJECT: Local agency officials: training.

SUMMARY: Makes changes to existing ethics training requirements, and requires certain local agency officials to receive at least two hours of fiscal and financial training at least once every two years. Specifically, **this bill:**

- 1) Adds any department head or other similar administrative officer to the list of local officials that must complete the ethics training.
- 2) Requires all local agency officials who commence service with a local agency on or after January 1, 2026, to receive the required ethics training no later than six months from the first day of service with the local agency.
- 3) Specifies that commencing July 1, 2026, and every two years after that, if a local agency has a website, it must publish records on the dates local officials completed the ethics training and who provided it on its website.
- 4) Defines the following terms for the purpose of this bill's fiscal and financial training requirements:
 - a) "Fiscal and financial training" includes, but is not limited to, training in all of the following:
 - i) Laws and principles relating to financial administration and short- and long-term fiscal management, including, but not limited to, the role and responsibilities of financial administration, financial policies, municipal budgets and budget processes and financial reporting and auditing.
 - ii) Laws and principles relating to, but not limited to, capital financing and debt management, mechanisms for local agency revenues, pension and other postemployment benefits, cash management and investments, the prudent investor standard, and the ethics of safeguarding public resources.
 - iii) General fiscal and financial planning principles and any pertinent laws relevant to the local agency official's public service and role in overseeing the local agency's operation and relevant to the local agency's procurement and contracting practices and responsibilities.
 - b) "Legislative body" as defined in the Ralph M. Brown Act, which governs local agency open meeting requirements.
 - c) "Local agency" to mean a city, county, city and county, charter city, charter county, charter city and county, or special district.

- d) “Local agency official” to mean any of the following:
- i) Any member of a local agency legislative body, any elected officer of a local agency, or any officer of a local agency appointed by the governing body, who receive any type of compensation, salary, or stipend, or stipend or reimbursement for actual and necessary expenses incurred in the performance of official duties.
 - ii) A department head or other similar administrative officer of a local agency.
 - iii) An employee designated by a local agency governing body to receive the fiscal and financial training.
- 5) Requires all local agency officials to receive at least two hours of fiscal and financial training pursuant to this bill.
- 6) Authorizes a local agency or an association of local agencies to contract with or otherwise collaborate with a provider of a training course to offer one or more training courses, or sets of self-study materials with tests, to its local agency officials to meet the requirements of this bill for fiscal and financial training.
- 7) Specifies that training courses, or sets of self-study material with tests, may be taken in person or online. These courses and materials shall be developed in consultation with widely recognized experts in local government finance.
- 8) Requires all providers of training courses under this bill to provide participants with proof of participation, as specified.
- 9) Specifies that a local agency shall provide information on training available to meet the requirements of this bill to its local agency officials at least once annually.
- 10) Requires every local agency official who is in a local agency’s service as of January 1, 2026, and commenced that service prior to January 1, 2026, shall receive the fiscal and financial training required by this bill before January 1, 2028, unless that official’s term of office ends before January 9, 2028. Thereafter, the local agency official shall receive the training at least once every two years.
- 11) Provides that every local agency official who commences service with a local agency on or after January 1, 2026, shall receive the fiscal and financial training required by this bill no later than six months from the first day of service with the local agency. Thereafter, the local agency official shall receive the training at least once every two years.
- 12) A local agency official who serves more than one local agency is only required to comply with the training requirements of this bill once every two years, regardless of the number of local agencies the local agency official serves. However, the local agency official shall provide a copy of proof of participation to all local agencies that they serve.
- 13) Requires a local agency that provides the fiscal and financial training required by this bill to maintain records indicating both of the following:
- a) The dates that the local agency officials satisfied the requirements in this bill.

- b) The entity that provided the training.
- 14) Provides that a local agency shall maintain the records described in 8), above, for at least five years after local agency officials receive the training. These records are public records subject to disclosure under the California Public Records Act.
- 15) Specifies that commencing July 1, 2026, and every two years thereafter, if a local agency has a website, the local agency shall publish the most recent records required by this bill on its website.
- 16) Exempts specific local officials that comply with existing fiscal and financial training requirements from the new fiscal and financial training requirement in this bill, including the County Auditor and County Treasurer.
- 17) Finds and declares that the fiscal management of local governments is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this bill applies to all cities, including charter cities.
- 18) Provides that if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made.

FISCAL EFFECT: According to the Senate Appropriations Committee:

Unknown reimbursable state-mandated costs, potentially exceeding \$50,000 annually, related to certain administrative requirements specified in the bill for the expanded ethics training and new fiscal and financial training mandates (General Fund). The mandate is not expected to apply to the provision of the training, but certain other eligible expenses incurred by local entities are likely to be subject to state-reimbursement. Reimbursement would be available for affected general law counties and certain special districts that are subject to the tax and spend provisions of the California Constitution and are required by state law to provide reimbursement of expenses to members of their legislative bodies.

COMMENTS:

- 1) **Local Government Finances.** Local elected and appointed officials are charged with a fiduciary duty to the public. They are responsible for guiding multi-million dollar county and municipal agencies that depend on numerous sources of revenues and have multiple layers of policy and management responsibilities. Understanding their financial fiduciary responsibilities is one of their most important duties.

Many factors dictate how a local agency manages its funds, including: the amount of revenue the agency receives annually; the source of the revenue, whether it be property taxes, sales taxes, fee-based revenue, utility taxes, grants, loans, bond funding, etc.; restrictions on how these funds can be used; and, many other dynamics in which each local agency is accountable. No two local agencies manage their finances in the same way. In order to balance the individual agency needs, the state, both constitutionally and statutorily, has provided local agencies with decision-making flexibility in how finances can be managed.

- 2) **Current Training Requirements.** The California Constitution, and state law, including the Ralph M. Brown Act and the Political Reform Act, establish standards for the operations of the legislative bodies of local agencies. The Ralph M. Brown Act requires that legislative bodies of local agencies meet, deliberate, and vote in open session, with specified exceptions. The Political Reform Act prohibits local officials from participating in decisions which affect their material interests and establishes disclosure requirements.

In 2005, the Legislature enacted AB 1234 (Salinas), Chapter 700, Statutes of 2005, to require members of local agencies' legislative bodies to participate in ethics training, if those agencies offer compensation or expense reimbursement to their board members. AB 1234 required local agency officials to receive at least two hours of training in general ethics principles and ethics laws relevant to the official's public service every two years. They must complete the training within one year of their start date. Local agencies must maintain records on the dates local officials satisfied the training requirement and the entity that provided the training for at least five years. Such training is required to include, but is not limited to, the following information:

- a) Laws relating to personal financial gain by public servants, including, but not limited to, laws prohibiting bribery and conflict-of-interest laws.
- b) Laws relating to claiming prerequisites of office, including, but not limited to, gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies.
- c) Government transparency laws, including, but not limited to, financial interest disclosure requirements and open government laws.
- d) Laws relating to fair processes, including, but not limited to, common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.

AB 1661 (McCarty & Gonzalez), Chapter 816, Statutes of 2016, additionally required local agency officials to receive two hours of sexual harassment prevention training and education within the first six months of taking office or commencing employment, and every two years thereafter. The requirements of the bill apply only if a local agency provides any type of compensation, salary, or stipend to its local agency officials. AB 1661's requirements apply to any member of a legislative body and any elected official of cities and counties (including charter cities and charter counties), and special districts.

- 3) **High-Risk Local Government Agency Audit Program.** In response to local government malfeasance, AB 187 (Lara), Chapter 451, Statutes of 2011, authorized the State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency or any publicly-created entity that the State Auditor identifies as being at high-risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness.

Current law requires the State Auditor to notify the Joint Legislative Audit Committee (JLAC) whenever a local government is identified as at high-risk, requires the Auditor to provide annual updates of all audits in progress, and remove the agency from the high-risk local government agency audit program if the agency has taken significant corrective measures for identified deficiencies. If the State Auditor determines that a local government agency is at high-risk, the audit reports must be issued at least once every three years with recommendations for improvement in the local government so identified.

- 4) **Bill Summary.** This bill makes changes to existing ethics training requirements for local officials including, adding any department head or similar administrative office to the list of local officials that must complete ethics training, requiring all local agency officials that commence their service on or after January 1, 2026, to receive training no later than six months from their first day of service, and requiring local agencies to publish certain records on their websites.

This bill also requires specified local agency officials to receive at least two hours of fiscal and financial training if that local agency provides any compensation, salary, stipend, or reimbursement for actual and necessary expenses to the members of its legislative body, a department head or similar administrative officer of a local agency, and an employee designated by a local agency's governing body to receive the training. Additionally, this bill also dictates when the specified local agency officials must receive the training, the information that must be provided in the training, and record maintenance requirements.

This bill is sponsored by the author.

- 5) **Author's Statement.** According to the author, "While local officials hold expansive fiscal, budgetary, and financial responsibilities, there is no existing requirement that they receive any training on these critical duties and obligations. SB 827 will address this lack of preparation and education, by implementing recommendations by the California State Auditor (CSA), that will require local agency officials, such as city councilmembers and other members of local agency legislative bodies, to complete fiscal and financial training on their duties and responsibilities in budgeting, contracting, procurement, and other critical fiscal obligations. The CSA's high-risk local program has found repeated instances of local officials financially mismanaging local agencies, and recommended additional training as a remedy. SB 827 will encourage responsible governing and prevent fiscal mismanagement by applying training requirements for local officials who receive any type of compensation, salary, or stipend, on the fiscal and financial responsibilities of their position. This bill will also update the AB 1234 (Salinas, Chapter 700, Statutes of 2005) ethics training to additionally require senior staff to take this training."
- 6) **Previous Legislation.** AB 1235 (Gordon) of 2013 was similar to this bill and would have required specified local agency officials to receive training in financial management, if the local agency provides any type of compensation or reimbursement to a member of its legislative body, as specified. The Governor vetoed AB 1235 saying, "This bill imposes financial management training requirements on elected city, county and special district officials at potentially significant costs to the state. I believe local governments can impose appropriate financial management training without the aid of the State General Fund."

SB 769 (Gonzalez) of 2023 would have required specified local officials to receive two hours of fiscal and financial training at least once every two years. SB 769 was held in the Assembly Appropriations Committee.

- 7) **Arguments in Support.** According to the American Federation of State, County and Municipal Employees (AFSCME), “We believe that these proposed changes are vital for improving the delivery of public services and ensuring the responsible stewardship of public dollars. Expanding training requirements to include heads of departments and other administrative officers, as specified, is a positive step towards strengthening governance. Providing these employees with comprehensive and regular training in fiscal management and financial planning can contribute to greater accountability and better-informed decision-making. This may lead to improved efficiency and effectiveness in the administration of public services, while facilitating the use of taxpayer funds in a more judicious manner and ensuring strategic investments in essential community programs. Well-trained officers of local agencies can be better equipped to navigate financial challenges, identify risks, and make informed decisions about resource allocation, which could support more sustainable public services over time.

“This measure aims to ensure that public service prioritizes the public interest and minimizes conflicts of interest. Equipping relevant officials with necessary knowledge and skills can promote greater consistency and reliability in the delivery of public services and help build trust between local agencies and the communities they serve. This emphasis on ethical and financial responsibility has the potential to reduce the risk of mismanagement of funds and promote decision-making that aligns with the public good.”

- 8) **Arguments in Opposition.** According to the League of California Cities in a position of oppose unless amended, “Cal Cities believes in conducting the business of government with transparency, openness, respect, and civility. The spirit of honest public service is what builds communities. While we are not necessarily opposed to the new training requirements in SB 827, Cal Cities believes state officials and agencies should conform to the same level of transparency and ethical behavior as is imposed on local officials and agencies.

According to the Association of California School Administrators in a position of oppose unless amended, “We recognize the intent of the measure and have supported previous legislative proposals to ensure school board members receive sufficient, meaningful trainings given that they may come from a wide-array of backgrounds and experiences that may not include any direct school management experience. SB 827, regrettably, appears to apply terminology more suitable for municipal agencies than local educational agencies (LEAs), which include school districts and county offices of education. SB 827 would capture school site leaders – principals – despite the fact they do not have relevant duties or authority for control of, or decision-making authority for use of, public funds like an elected board member or county superintendent of schools.

“In light of this, we respectfully request a narrowing of the bill to clearly apply the training to only those positions that have relevant job duties or authorities in their appointed or elected positions. This will maximize the limited school resources that LEA leadership is entrusted with managing and allocating.”

REGISTERED SUPPORT / OPPOSITION:

Support

American Federation of State, County and Municipal Employees
California Association of County Treasurers and Tax Collectors
California Common Cause

Opposition

Association of California School Administrators (unless amended)
League of California Cities (unless amended)

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