

Date of Hearing: June 15, 2022

ASSEMBLY COMMITTEE ON EDUCATION
Patrick O'Donnell, Chair
SB 924 (Glazer) – As Amended June 6, 2022

SENATE VOTE: 25-6

SUBJECT: School districts: annual compensation: reporting

SUMMARY: Clarifies that school districts are not exempt from reporting information on annual compensation of their employees to the California State Controller (SCO) for annual publishing on the Controller's website. Specifically, **this bill:**

- 1) Requires, on or before June 30 of each year, a school district to post on its website information on the annual compensation of its governing board, officers, and employees and to give this information to the SCO to post on the SCO's website.
- 2) Requires the SCO to annually publish, on the SCO's website, information on annual compensation of employees of each school district within the state, together with any other matter the Controller deems of public interest. Requires the reports to the SCO to be made in the time, form, and manner prescribed by the SCO.
- 3) Authorizes, whenever in the opinion of the SCO and the SCO-appointed advisory committee of local governmental offices, the public welfare demands that the reports of the financial transactions, including annual compensation reports, of a district, including a school district, be published, requires the SCO to notify the district that reports of its financial transactions are required to be furnished to the SCO. Requires the SCO to compile and publish these reports.
- 4) Requires of school districts by the SCO, for the purpose of permitting the compilation annual compensation reports, the Superintendent of Public Instruction (SPI) to make available to the SCO, on an as-needed basis and in the time, manner, and format as prescribed by the SCO, data and other matters. Requires the SPI to derive the data and other matters from reports furnished by school districts or by county officials to the SPI. Requires the SPI to furnish average daily attendance (ADA) or enrollment data in lieu of the general population data required of counties and other municipal corporations by this article.
- 5) Requires, for purposes of permitting the compilation of the annual compensation information, a school district to furnish reports to the SCO that provide information on annual compensation of school district employees. Requires the SCO to publish this annual compensation of school district employees on its website.
- 6) Requires school districts to post, in a conspicuous location on their websites, information on the annual compensation of its elected officials, officers, and employees that is submitted to the SCO. Authorizes school district compliance of the requirement by posting, in a conspicuous location on its website, a link to the SCO's Government Compensation in California website.

EXISTING LAW:

- 1) Requires the SCO to compile, publish, and make publicly available on the SCO's website reports of the financial transactions and information on annual compensation, of each county, city, and special district, respectively, within this state, together with any other matter the SCO deems of public interest. (Government Code (GC) 12463)
- 2) Requires the SCO to annually publish, on the website of the SCO, reports of the financial transactions of each school district within this state, together with any other matter the Controller deems of public interest. (GC 12463)
- 3) Authorizes, whenever in the opinion of the SCO and the SCO-appointed advisory committee of local governmental offices, the public welfare demands that the reports of the financial transactions, including annual compensation reports, of a district other than a school district be published, requires the SCO to notify the district that reports of its financial transactions are required to be furnished to the SCO. Requires the SCO to compile and publish these reports. (GC 12463.1)
- 4) Requires, for the purpose of permitting the compilation of the financial transactions of school districts by the SCO, the SPI to make available to the SCO, on an as-needed basis and in the time, manner, and format as prescribed by the SCO, data and other matters. Requires the SPI to derive the data and other matters from reports furnished by school districts or by county officials to the SPI law. Requires the SPI to furnish ADA or enrollment data in lieu of the general population data required of counties and other municipal corporations. (GC 53892.1)
- 5) Requires the SPI to annually determine the statewide average percentage of school district expenditures that are allocated to the salaries of administrative personnel. Requires the SPI to also determine the statewide average percentage of school district expenditures that are allocated to the salaries of teachers. Requires this information be provided annually to each school district for use in the School Accountability Report Card. (Education Code 41409)

FISCAL EFFECT: According to the Senate Appropriations Committee:

- By requiring school districts to post employee compensation information on their websites, this bill could result in a reimbursable state mandate. The extent of these costs is unknown, but it could be in the low hundreds of thousands of dollars (Proposition 98 General Fund) each year.
- The SCO indicates that if it were to implement the bill as currently written, there would be a need for 3.0 positions and ongoing General Fund costs of \$342,000. However, to the extent that low reporting compliance continues from school districts, the costs could be higher with the enforcement of delinquent reports and ongoing compliance activities (although the bill does not include specific enforcement provisions). Under this scenario, the SCO estimates the need for 8.0 positions and ongoing General Fund costs of \$819,000.

COMMENTS:

Need for the bill. According to the author, "Transparency around how schools spend public money is crucial to improving the quality of education for students. According to the, Public

Policy Institute of California, building more transparency in the system would allow stakeholders and researchers to ensure greater efficiency in the allocation of billions of dollars spent on California's K-12 education each year.”

Local agency financial reporting to the SCO. According to the SCO, in 2010, the office created the Government Compensation in California (GCC) website to, “enhance government transparency and provide a single statewide database that is accessible by anyone at any time.” At first, the SCO collected government compensation data as a component of the financial transaction reports from cities, counties, and special districts under the authority of Government Code. In 2015, the Legislature explicitly authorized SCO to collect compensation data and publish the information on its website under the authority of Government Code section 12463.

The GCC website contains pay and benefit information for positions in cities, counties, special districts, and state government, including the California State University. Other public employers submit pay and benefit information on a voluntary basis for positions in superior courts, the University of California, community college districts, K-12 education, First 5 commissions, and fairs and expositions.

The GCC website was established in response to a scandal in the City of Bell, a small and economically disadvantaged city in south Los Angeles County. In 2010, the Los Angeles Times reported that the city manager was earning a salary of nearly \$800,000 a year, in addition to other high-paying city positions. Elected city council members were each compensated \$100,000 a year.

Recent news articles and editorials in the East Bay Times and the Los Angeles Times report that school districts are not being required to submit annual compensation data to the SCO, further stating that only one-third of school districts are reporting this information to the SCO database. ***The Committee may wish to consider*** that existing law authorizes the SCO to collect information about school districts’ “financial transactions,” and requires the SCO to obtain this information from the SPI. Therefore, those school districts currently reporting annual employee compensation data to the SCO are doing so voluntarily, in accordance with existing law.

Existing law allows the State Controller clear authority to require school districts to report annual employee compensation data. Specifically, subdivision (c) of Government Code Section 12463 states the following:

(c) The Controller shall annually publish, on the internet website of the Controller, reports of the financial transactions of each school district within this state, *together with any other matter the Controller deems of public interest* [emphasis added]. The reports shall include the appropriations limit and the total annual appropriations subject to limitation of the school district. The reports to the Controller shall be made in the time, form, and manner prescribed by the Controller.

The SCO already has the authority to deem the annual compensation of school district employees a matter of public interest. Doing so would then require this information to be reported by school districts to the Controller. Given that existing law already provides such authority, ***the Committee may wish to consider*** whether this bill, which imposes an additional reporting requirement on school districts, is necessary.

Local Government Advisory Committee on Financial Transaction Reporting. Current law establishes the Local Government Advisory Committee on Financial Transaction Reporting (Advisory Committee), and authorizes the Advisory Committee to advise the SCO to publish reports on special districts, joint powers authorities, non-profits, and transportation authorities. Members of the Advisory Committee are appointed by SCO, and the seven-member body has traditionally included representatives from cities, counties, and independent special districts. This bill proposes to add school districts to the list of entities the Advisory Committee may advise the SCO to publish reports. ***The Committee may wish to consider*** that due to the unique nature of California K-12 public school funding, the Advisory Committee may not have the necessary expertise to advise the SCO on this subject, nor would their input be necessary given that this bill would also require school districts to provide annual employee compensation information.

Online posting requirements. This bill would require, in both the Education Code and the Government Code, school districts to post annual employee compensation information on their websites. ***The Committee may wish to consider*** that the online posting requirements are inconsistent and are misaligned as it relates to data format, data element, and timing of annual posting.

School district employee compensation information collected by the CDE. Current law requires the SPI to provide annually to each school district, for use in the SARC, the statewide salary averages for teachers and administrators and the statewide percentage of expenditures spent on personnel in the following categories:

- Beginning, midrange, and highest salary paid to teachers;
- Salaries of school-site principals;
- Salaries of district superintendents;
- Percentage of expenditures allocated to teacher salaries; and
- Percentage of expenditures allocated to administrative personnel salaries.

Each spring, California school districts and COEs are given the opportunity to complete an optional form entitled, “2020–21 Salary and Benefit Schedule for the Certificated Bargaining Unit (Form J-90).” This form requests salary schedule information, employee placement on the salary schedules by full-time equivalents, bargaining unit bonuses paid for selected services, salaries and days of service for school principals and superintendents, and health and welfare benefits by carrier with amounts paid by the district or county office per employee. The CDE annually compiles this information and provides it to the public on their website.

Although participation in the survey is voluntary, each school district with an ADA of greater than 500 who did not originally respond to the request was telephoned a minimum of two times and encouraged to complete the survey. The 2020-21 report includes 802 district and COE responses, and includes information from 80.04% of school districts and COE, representing 95.62% of the state's non-charter ADA.

The information collected through Form J-90 is aggregated and not specific to individual employees, and only pertains to certificated staff. Therefore, the information currently collected on a voluntary basis by the CDE through this form would not fulfill the requirements of this bill.

School district financial transaction information provided by the CDE to the SCO. In accordance with existing law, for the compilation of the financial transactions of school districts by the SCO, the SPI provides the requested data on an as-needed basis and in the time, manner, and format as prescribed by the SCO. This information is available to the public via the Ed-Data website, maintained by a partnership of the CDE, EdSource and the Fiscal Crisis & Management Assistance Team (FCMAT). Ed-Data includes information related to all of California's school districts, county offices of education (COEs) and charter schools. Rather than duplicating the school district financial information on their website, the SCO includes a link to Ed-Data on their website.

Recommended Committee Amendments. Staff recommends that the bill be amended as follows:

- Require that employee annual compensation information reporting requirements also extend to COEs, charter schools, and entities managing charter schools. Require an entity managing a charter school to report the compensation of all executive officers, personnel that support a charter school, and personnel that interact with charter school employees. Examples of executive officers include the executive director, director, chief executive officer, chief financial officer, chief business official, chief operating officer, president, and deputy executive director.
- Require that the reports of financial transactions extend to COEs and charter schools.
- Specify that only employee positions are listed, and not an individual's name or other identifying information.
- Clarify that the SCO is required to collect employee compensation information and remove related references to the CDE.
- Remove the reference to school districts as it relates to the SCO's Advisory Committee.
- Maintain requirement for the SCO to post employee annual compensation information on their website, and remove requirements for school districts to post the information on their websites.

Arguments in support. California Common Cause writes, "In 2021, only 23% of education employers responded to the state Controller's requests, with an additional 6.6% responding but with either incomplete or unacceptable records. Transparency around how schools spend public money is essential if we want to improve the quality of education for students. SB 924 directs school districts to submit their compensation information to the SCO for posting on the Controller's website. This bill would create more transparency in school district salaries and more accountability in the system."

Arguments in opposition. The California School Employees Association writes, "While we agree with this statement, we question why the bill is limited to school employee salaries and not

other school expenditures. Since public school employee salaries are already publicly accessible, we also question why the author chooses to single out these workers without the context of other education staffing costs. Meaningful transparency and accountability should include staffing expenditures that are not easily available to the public.”

Related legislation. AB 2040 (Garcia), Chapter 894, Statutes of 2014, requires local agency financial transaction reports to include information about the annual compensation of the local agency's elected officials, officers, and employees, requires local agencies to post this information on their websites, and requires the SCO to compile, publish, and make this information publicly available on the SCO's website.

REGISTERED SUPPORT / OPPOSITION:

Support

California Common CAUSE
Transparent California

Opposition

AFSCME
California Federation of Teachers AFL-CIO
California Labor Federation
California School Employees Association
California Teachers Association
California Teamsters Public Affairs Council
Service Employees International Union (SEIU)

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