

THIRD READING

Bill No: SB 1193
Author: Wahab (D)
Amended: 4/30/26
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 7-0, 4/29/26
AYES: Durazo, Choi, Arreguín, Ashby, Cervantes, Laird, Seyarto

SUBJECT: Discretionary funds: County of Alameda

SOURCE: Author

DIGEST: This bill places limitations on the use of discretionary funds by members of the Alameda County Board of Supervisors.

ANALYSIS:

Existing law:

- 1) Creates counties as general purpose governments that provide a variety of public goods and services to their residents.
- 2) Provides that, unless otherwise specified in a charter, county boards of supervisors have five members. These supervisors can perform acts necessary to fully discharge their duties to supervise county governance. The board supervises the official conduct of all county officers, particularly as their activities pertain to the management and disbursement of public funds. The board of supervisors is also vested with the constitutional authority to provide for the number, compensation, tenure, and appointment of employees.
- 3) Allows the board of supervisors can spend money from the general fund of the county to establish county programs or to fund other programs necessary to meet the social needs of the county, including health, law enforcement, public safety, and education, among others.

- 4) Allows the board of supervisors to contract with other public agencies, private agencies, or individuals to operate such programs if the board of supervisors determines doing so will serve public purposes.

This bill:

- 1) Prohibits the Alameda County Board of Supervisors from awarding discretionary funds to a community organization, nonprofit organization, or private entity unless the board approves the award by a majority vote, and the award does both the following:
 - a) Includes a description of how the award provides resources of communitywide significance for the district that the member of the board requesting the funds represents.
 - b) Identifies the public purpose that the award will serve.
- 2) Prohibits the board from:
 - a) Appropriating discretionary funds for an award that is not for a public purpose.
 - b) Appropriating any funds in a way that allows a member, or less than a majority, of the board to appropriate funds. Any awards to community organizations, nonprofit organizations, and private entities shall be made by a majority of the board and identify the specific entity that is being awarded the funds.
- 3) Requires the board to post on its internet website a log of appropriated discretionary funds at the end of each quarter, including all of the following:
 - a) The planned and actual costs of the program or project, including the indirect costs, that the discretionary funds cover.
 - b) The spending timeline of those funds.
 - c) The purpose of program funding.
 - d) The eligibility requirements to receive funding.

- e) Total dollars awarded to the entity that is contracted with the county.
 - f) The information required in bullet (1).
 - g) Conflict of interest statements for supervisors or county staff that participated in the awarding of the funds.
 - h) A link to an internet website describing the process for receiving and reviewing whistle blower complaints.
- 4) Prohibits, within 90 days before an election, a member of the board running for election from taking any action related to discretionary funds, including:
- a) Placing an agenda item seeking approval to appropriate discretionary funds on the agenda for a meeting of the board.
 - b) Announcing or participating in a press release announcing the awarding of discretionary funds previously approved by the board.
 - c) Participating in or making a ceremonial presentation awarding previously approved discretionary funds. However, members of the board can attend events hosted by entities that received discretionary funds, if the event is not directly held in the supervisor's honor.
- 5) Provides that, notwithstanding bullet (4), members of the board may attend events hosted by entities who received discretionary funds so long as the event is not directly held in the supervisor's honor, and vote on discretionary fund awards that benefit the county as a whole or another district.
- 6) Provides that discretionary funds shall not be awarded at a special meeting or on the consent calendar.
- 7) Provides that it does not limit the existing authority of the board to adopt ordinances, rules, or regulations beyond the minimum requirements outlined in the measure.
- 8) Defines "discretionary funds" to mean funds that a member of the board, or less than a majority of the board, requests the board to award to community organizations, nonprofit organizations, and private entities in their supervisorial district, but does not include awards to Alameda Health System.

- 9) Defines “public purpose” to mean the use of funds to further a program that provides health and human services, education, homelessness services, cultural resources, or other services to residents of a supervisorial district. This does not include awards to benefit an entity that does not provide health and human services, education, homelessness services, cultural resources, or other services to residents of a supervisorial district. It also does not include awards that fund travel and related expenses, marketing or economic development programs, or direct resources to a single private entity that does not provide any of the services described above.

Background

In April 2021, the Orange County Board of Supervisors adopted a policy that allowed each Supervisor to determine how to award COVID-19 relief funding in their respective districts. Each of the five districts received an initial \$10 million allocation, to which the Board added another \$3 million in June 2023, for a total of \$65 million. Once each supervisor decided how to prioritize these funds, the board voted to approve the disbursement of funds. Starting in late 2023, news surfaced that an Orange County Supervisor awarded COVID-19 relief funding to an organization run by his daughter without disclosing the connection to the public. After public scrutiny over the contracts, news surfaced the organization was also behind on required audits. Despite these concerns, the Supervisor continued to award funding to the organization. After a federal investigation, the Supervisor was sentenced to five years in federal prison for fraud. In response, the Legislature enacted AB 2946 (Valencia, Chapter 249, Statutes of 2024), which prohibits a member of the Orange County Board of Supervisors from awarding district discretionary funds to a community or nonprofit organization unless they are approved by a majority vote of the board, requires the board to report discretionary funding decisions on its website, and prohibits members of the board from taking certain actions related to district discretionary funds within 90 days before an election.

A 2017 Alameda County Grand Jury Report found that a county employee who played a role in county funding decisions was also co-founder of an organization called Oakland and World Enterprises, Inc that received funds from the County. According to the Grand Jury, this was a conflict of interest and constituted a failure of good governance practices. The Grand Jury also found that Alameda County’s process for approving discretionary funds resulted in large amounts of money going to nonprofits without a competitive process or written contracts and the

county lacked oversight over these funds. The County disputed many of the Grand Jury's findings.

Comments

Purpose of this bill. According to the author, "SB 1193 will ensure the integrity and transparency of district discretionary spending in Alameda County. Currently, Alameda County's policy on district discretionary spending lacks guardrails that serve the best interests of the public for certifying that programs are fulfilling their contractual obligations. This bill will prevent future misuse of taxpayer dollars by establishing a framework for how Alameda County Board of Supervisors can approve and appropriate district discretionary funds. SB 1193 will combine disclosure, participation, and enhanced oversight to promote better trust and performance for Alameda County."

Home rule. Decisions about how local agencies spend their funds are often left up to elected representatives. SB 1193 takes the model of AB 2946 and expands it in a few significant ways. First, it also applies to discretionary funds awarded by the entire board, and to for-profit entities. Second, it includes more reporting requirements on discretionary awards. Third, it makes it harder for these decisions to be made because it prohibits their consideration from the consent calendar and special meetings. Extending the SB 2946 model to any funds the county board appropriates to community organizations, nonprofit organizations, and private entities would appear to include everything from a relatively small grant for a nonprofit to provide services to vulnerable populations to a multimillion construction contract awarded to a private construction firm. According to the County of Alameda, it contracted for nearly \$1 billion in services across 278 community-based organizations in 2025-26. While the Alameda County Grand Jury report from 2016 suggests that greater oversight over discretionary funds may be necessary, is that sufficient to justify significantly higher standards for Alameda County to award discretionary funds than the rest of the state given that it could slow down decision making by adding steps to the funding process?

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 5/1/26)

Retired Public Employees Association

OPPOSITION: (Verified 5/1/26)

David Haubert - First District Supervisor, Alameda County Board of Supervisors
Afghan Elderly Association
County of Alameda
Livermore Valley Winegrowers Association
One Nation Dream Makers
School of Imagination & Happy Talkers
Tri-valley Seek and Save
One Individual

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