
UNFINISHED BUSINESS

Bill No: SB 827
Author: Gonzalez (D), et al.
Amended: 9/2/25 in Assembly
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 5-2, 4/30/25
AYES: Durazo, Arreguín, Cabaldon, Laird, Wiener
NOES: Choi, Seyarto

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto
NO VOTE RECORDED: Dahle

SENATE FLOOR: 28-10, 5/28/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares
NO VOTE RECORDED: Limón, Reyes

ASSEMBLY FLOOR: 64-7, 9/8/25 - See last page for vote

SUBJECT: Local agency officials: training

SOURCE: Author

DIGEST: This bill modifies existing ethics training requirements and adds a new ethical, fiscal, and financial training requirement for local officials.

Assembly Amendments further defines department head for a local educational agency and clarifies what information local agencies are to post to their internet website, if they have one.

ANALYSIS:

Existing law:

- 1) Establishes 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.
- 2) Requires members of local agencies' legislative bodies to participate in ethics training, if those agencies offer compensation or expense reimbursement to their board members.
- 3) Grants the State Auditor the authority to establish a high-risk local agency audit program to identify, audit, and issue reports, on local agencies the Auditor identifies as being high-risk for the potential of waste, fraud, abuse, mismanagement, or that the Auditor has identified as having major challenges with its economy, efficiency, or effectiveness. The Auditor is responsible for state costs associated with the program, must only conduct the program as funds permit, and these audits cannot interfere with mandated audits and audits the Joint Legislative Audit Committee requests. For high-risk local agencies, the Auditor must issue audit reports once every three years with recommendations for improvement.

This bill:

- 1) Makes the following changes to the existing ethics training requirements:
 - a) Adds any department head or other similar administrative officer to the list of local officials that must complete the ethics training;
 - i) For a local educational agency, as defined, a "department head or other similar administrative officer" means the superintendent of a school district, the county superintendent of schools, or the chief administrator of a charter school
 - b) Requires all local agency officials who must receive the training that commence their service on or after January 1, 2026, to receive the training no later than six months from their first day of service; and

- c) Specifies that commencing July 1, 2026, a local agency that maintains a website shall post on that website clear instructions and contact information for the purpose of requesting records required under existing ethics training laws.
- 2) Requires local agency officials to participate in at least two hours of fiscal and financial training every two years if that local agency provides any compensation, salary, stipend, or reimbursement for actual and necessary expenses to the members of its legislative body.
 - 3) Provides that local agency officials that must complete the fiscal and financing training include:
 - a) Any member of a local agency legislative body, any elected officer of a local agency, or any official of a local agency appointed by the governing body, who, as part of their official duties, makes decisions or recommendations regarding financial administration, budgeting, or the use of public resources.
 - b) A local agency executive or other similar administrative officer of a local agency; and
 - c) An employee designated by a local agency's governing body to receive the training.
 - 4) Requires fiscal and financial training to cover:
 - a) Laws and principles of fiscal administration and short- and long-term fiscal management, including rights and responsibilities of financial administration, financial policies, municipal budgets and processes, and financial reporting and auditing;
 - b) Laws and principles of capital financing and debt management, mechanisms for city revenues, pensions and other postemployment benefits, and cash management and investments, the prudent investor standard, and the ethics of safeguarding public resources; and
 - c) General fiscal and financial planning principles and any pertinent laws relevant to the local agency officials' public service, role in overseeing the local agency's operations, and relevant to the local agency's procurement practices and responsibilities.
 - 5) Allows local agencies, or an association of local agencies, to contract or collaborate with a training provider to offer one or more courses, or sets of self-

study materials with tests, to its local agency officials to meet the training requirement, which may be taken at home, in-person, or online.

- 6) Requires local agencies to consult with widely-recognized experts in local government finance, including local government associations, on these courses and curricula.
- 7) Requires training providers to provide participants with proof of participation.
- 8) Requires local agencies to offer the training at least once each year, and maintain records indicating the dates that local officials completed the training, as well as the entity that provided it. These agencies must maintain these records for at least five years after local agency officials receive the training, and post to their website clear instructions and contact information for the purpose of requesting records, if they have one.
- 9) Requires local agency officials to provide a copy of participation to each local agency that they serve.
- 10) Provides that, if the official is in a local agency's service as of January 1, 2026, and began that service prior to January 1, 2026, they must complete the training requirement before January 1, 2028, unless their term of office ends before January 9, 2028. If the official commences service on or after January 1, 2026, the must complete the training no later than six months from their first day of service with the local agency.
- 11) Provides that local officials that comply with existing fiscal and financial training requirements of their specific office are exempt from this training requirement.

Background

In response to criminal convictions stemming from the misappropriation of public funds in the City of Bell in Los Angeles County, AB 187 (Lara, Chapter 451, Statutes of 2011) granted the State Auditor the authority to establish a high-risk local agency audit program to identify, audit, and issue reports, on local agencies the Auditor identifies as being high-risk for the potential of waste, fraud, abuse, mismanagement, or that the Auditor has identified as having major challenges with its economy, efficiency, or effectiveness. The Auditor is responsible for state costs associated with the program and must only conduct the program as funds permit. These audits also cannot interfere with mandated audits and audits the Joint Legislative Audit Committee requests. For high-risk local agencies, the Auditor must issue audit reports once every three years with recommendations for

improvement. The Auditor has focused exclusively on cities in this program so far, and maintained a high-risk city dashboard, but recently removed it due to workload constraints. However, the Auditor does continue to release audits, the most recent being in March 2025 for the City of Anaheim.

Comments

- 1) *Purpose of this bill.* 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.”
- 2) *Good actors and bad apples.* Locally elected boards govern California’s local agencies, which are accountable to their electors. Training in financial management practices is readily available through statewide associations representing local agencies, public and private colleges and universities, industry trade groups, and other sources. Local agencies in California range from small special districts with less than \$100,000 in annual revenues to Los Angeles County, which currently invests more than \$57 billion annually. Unfortunately, local officials who are already subject to ethics training requirements have not sufficiently absorbed the information they received in that training. For example, in February 2025, members of the City Council of Huntington Park was subject to search warrants from the Los Angeles County District Attorney on allegations of misusing \$24 million for an aquatic center that remains unbuilt. That city has also removed a member from the council on allegations that she did not reside in the city. Similarly, former Orange County Supervisor Andrew Do entered a plea deal with a federal court, and could face up to five years in federal prison, for a scheme to steal money earmarked for

resident services. While undoubtedly there are exceptions, most local agencies are well managed. It is unclear that an across-the-board training requirement will improve financial management practices in agencies needing improvement.

Prior legislation

SB 769 (Gonzalez, 2023) included many similar provisions to the provisions in SB 827 regarding fiscal and financial training. The measure was held on the Assembly Appropriations suspense file.

AB 1235 (Gordon, 2013), which Governor Brown vetoed, 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's veto message stated the following:

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.

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

According to the Assembly Appropriations Committee, costs to affected local agencies of an unknown amount, but potentially in the hundreds of thousands of dollars annually statewide, related to certain administrative requirements specified in the bill for the expanded ethics training and new fiscal and financial training mandates. These costs are likely reimbursable by the state General Fund (GF), subject to a determination by the Commission on State Mandates.

SUPPORT: (Verified 9/8/25)

American Federation of State, County and Municipal Employees, Afl-cio
California Association of County Treasurers and Tax Collectors
California Common CAUSE
Los Angeles County District Attorney's Office

OPPOSITION: (Verified 9/8/25)

League of California Cities

ASSEMBLY FLOOR: 64-7, 9/8/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, DeMaio, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Zbur, Rivas

NOES: Castillo, Dixon, Ellis, Gallagher, Hadwick, Macedo, Tangipa

NO VOTE RECORDED: Chen, Flora, Jeff Gonzalez, Lackey, Nguyen, Pacheco, Blanca Rubio, Sanchez, Wilson

Prepared by: Itzel Vargas / L. GOV. / (916) 651-4119
9/8/25 19:53:05

**** END ****