

CLIENT NEWS BRIEF

New Compensation Disclosure Requirements for School and Special Districts Under Assembly Bill 2040

The Governor signed Assembly Bill (AB) 2040, which amends Government Code sections 12463 and 53892 to mandate disclosure of the compensation of school and special district elected officials, officers and employees. Starting January 1, 2015, these agencies will have new reporting and internet posting requirements to provide the public with easy access to this compensation information.

For transparency, the compensation of all state, county and city elected officials, officers and employees has been available to the public through mandatory disclosure obligations under the prior versions of Government Code sections 12463 and 53892. AB 2040 expands these obligations to school districts and other special districts, such as water and fire districts. Under AB 2040, school and other special districts must include the compensation disclosures of their elected officials, officers and employees in their annual reports to the state Controller. Additionally, the compensation must be listed in a conspicuous location on each agency's website if the district maintains a website. The information will also be available on the state Controller's website.

Examples of the types of compensation that must be disclosed include:

- (1) Salary;
- (2) Vacation and sick leave; and
- (3) Health and retirement benefits.

Compensation can also include less obvious forms of remuneration, such as salary step advancements. However, compensation does not generally include tenure or seniority credits. Agencies should contact their legal counsel to determine what compensation should be reported and made available on the agency's website to adhere to the technical rules of disclosure.

AB 2040 is an effort to build confidence in all forms of local government. The new bill allows schools and special districts to demonstrate the ethical compliance and financial responsibility of its operations. Full disclosure of the compensation of elected officials, officers and employees will provide assurances to the public that such compensation is within industry standards. The disclosure and reporting practices from the state, county and cities have been well received. Compliance with AB 2040 will provide further confidence in our schools and special districts now that the Legislature has extended the requirements to these agencies as well.

A full copy of AB 2040 can be found on the [California Legislature's website](#).

If you have questions regarding the new disclosure requirements or other local governance obligations, please contact one of our [eight offices](#) located statewide. You can also visit our [website](#), follow us on [Facebook](#) or [Twitter](#), or download our [Client News Brief App](#).

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