



AB 1234 Compliance Fact Sheet

General Compliance Summary:

- 1 – Your district needs a written policy to compensate board members for attendance at events beyond just board meetings, committee meetings and conferences.
- 2 – Your district needs a written policy to reimburse board members for expenses.
- 3 – Your district needs to use IRS reimbursement rates or adopt a written policy that specifies reasonable reimbursement rates.
- 4 – Your district needs to provide expense report forms to board members who require reimbursement and must keep completed forms on file as public documents.

If your district provides any compensation or reimbursement to any board member:

- 5 – All board members and any board-designated employees need to take at least two hours of ethics training at least every two years and receive a certificate of completion.
- 6 – For board members in service on 1/1/06, the first training needs to be completed by 1/1/07, and new board members need to complete the training within one year of taking office.
- 7 – Your district must keep records indicating when board members completed the training and who provided the training for five years.

Compensation Detail:

If your district's enabling codes authorize compensating your board members, your district can pay that compensation to them for attendance at board meetings, committee or other advisory body meetings and conferences and other organized educational activities, such as ethics training. To pay compensation for occurrences other than these, the board must adopt a written policy in an open meeting that specifies other types of occasions that constitute the performance of official duties for which board members can receive payment. However, if your district is authorized to and does pay a salary to board members, then this paragraph doesn't apply to your district.

If your district's enabling codes authorize reimbursement, the board must adopt a written policy in a public meeting that specifies the types of occurrences that qualify a board member to receive reimbursement for travel, meals, lodging and other actual and necessary expenses. If the policy does not specify the reasonable reimbursement rates, the agency will use the IRS rates, which are established in Publication 463. Board members have to use government rates and group rates for transportation and lodging when available. If the lodging is in connection with a conference or other seminar, like ethics training, the lodging costs cannot exceed the group rate published by the event sponsor. If the group rate is not available at the time of booking, the board member is to use comparable lodging that doesn't exceed the district's policy or IRS rates, whichever apply. Any expenses that do not fall within the district's policy or the IRS rates have to be approved by the board in a public meeting before the expense is incurred.

If your district reimburses board members for expenses, the district has to provide expense report forms for the board members to file. The expense reports have to document that expenses meet the district's policy, have to be filed within a reasonable time after incurring the expense, and must be accompanied by receipts that document each expense. Also, board members have to provide brief reports on meetings that they have attended at the district's expense at the next regular board meeting. All of the documents related to reimbursements are public records and are subject to the California Public Records Act.

If you misuse public resources or falsify expense reports in violation of expense reporting policies, the penalties may include, but are not limited to, the loss of reimbursement privileges, restitution to the district, civil penalties for misuse of public resources (\$1000/day of infraction plus three times the value of

the unlawful use; Govt Code Section 8314) and prosecution for misuse of public resources (2, 3 or 4 years in state prison and disqualification from holding office in California; Penal Code Section 424).

Ethics Training Detail:

If your district provides any type of compensation, salary or stipend to any board member or provides expense reimbursement, then all board members need to take training on ethics laws, as do any employees the board designates. The ethics training needs to be at least two hours every two years, and each participant needs to be provided with proof of participation. Any entity that develops an ethics training course may include local ethics policies in the curricula, and needs to consult the FPPC and the Attorney General regarding the sufficiency and accuracy of any proposed course content. An agency or association can offer courses or self-study materials with tests; the courses can be taken at home, in person or online. Your district needs to provide information on available ethics training to board members at least once per year.

All board members whose districts provide reimbursement or compensation and who are in service as of January 1, 2006 need to be trained in ethics by January 1, 2007 unless their term of office ends before then. All new board members (after January 1, 2006) need to take their first ethics training no later than one year from their first day of service with the district. If board members serve with more than one local agency, they still only need the training once every two years.

Districts that require board members to complete ethical training need to maintain records that indicate the dates that board members completed the training and the entity that provided the training. The district has to keep these records for at least five years after the officials receive the training. Of course, they are public records subject to the California Public Records Act.

The "ethics laws" concerned here include, but are not limited to, laws relating to personal financial gain (bribery, conflict-of-interest), claiming prerequisites of office (gifts, travel, public resources, gift of public funds), government transparency (financial interest disclosure, Brown Act) and fair process (common law bias, due process, incompatible office, competitive bidding for public contracts, recusion from decisions affecting family).

Should you have any questions regarding AB 1234 or any other legislative matter, please contact the CSDA office toll-free at 877/924-CSDA.