

SUBJECT: Requiring school districts to report income from contracts and programs

COMMITTEE: Public Education — favorable, without amendment

VOTE: 5 ayes — Eissler, Zedler, Hochberg, Olivo, Patrick

0 nays

1 present not voting — Branch

3 absent — Delisi, Dutton, Mowery

SENATE VOTE: On final passage, March 27 — 30-0

WITNESSES: None

DIGEST: SB 234 would require school districts to publish a report of income producing contracts and programs, including contracts or programs under which a districts was entitled to receive income, including rentals, royalties, or a percentage of sales income. The information would have to be published either on the district's website or in a general circulation newspaper in the county in which the district was located or an adjacent county if a general circulation newspaper was not published in that district's county.

For each income-producing contract or program for which it received income, the district would have to produce a report that included such information as the name and address of each party to the contract, a description of the contract, and the amount of income the district received during the reporting period. Districts would not have to report on:

- contracts or programs for which they expect to receive \$5,000 or less over the contract term or the reporting period for a program;
- contracts between school districts or other governmental entities; or
- fundraising contracts with nonprofit entities or student groups.

School districts would have to publish or post on their websites a report of

income-producing contracts or programs twice a year, with specific dates based on the district's fiscal year. Two years after a district no longer received income from a contract or program, it could remove related information from the district website.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007. The first report would have to be published by October 15, 2007, or February 15, 2008, depending on the district's fiscal year.

**SUPPORTERS
SAY:**

SB 234 would allow the public to be informed about funding that school districts are receiving other than state and local funds by requiring districts to make information about income-producing contracts or reports available to the public. Information contained in audits are part of a detailed financial statement to which members of the public may not have access or may not be able to understand. The bill would ensure that this information was presented clearly in places that the public would be likely to look for it.

These income-generating contracts should be made public so that voters can take them into account when deciding whether to approve increases in local school taxes. If contracts are generating significant income, a voter may decide that there is no need for a tax increase.

**OPPONENTS
SAY:**

This information already is available in school district audits and annual reports. The bill would add another layer of administrative requirements on districts without providing the funding to cover the cost of producing these reports. If the Legislature is going to impose this new requirement, it should also providing the funding needed to carry out this mandate.