

January 5, 2023

To: Chief Business Officials  
Finance Directors

From: Brent Watson, Executive Director  
District Financial Services



**Re: Annual Notice of Public Disclosure Requirements  
Fiscal Year 2022-23**

This memo addresses public disclosure responsibilities for school districts. This information is intended to serve as an annual reminder of the requirements, as well as a reference tool to support districts in fulfilling these responsibilities.

### **COLLECTIVE BARGAINING**

School districts are required to disclose the terms of all collective bargaining agreements to our office before the governing board takes action. The collective bargaining disclosure form is included with this memo, and can also be found on our website under the “Business Advisory Forms” section:

<https://www.sdcoe.net/administrative-services/business-services/district-financial-services/business-advisory-services>.

During the last year, our office formed a work group consisting of CBO’s and Finance Directors in the county to provide input on the collective bargaining disclosure form. The new form has been developed, tested, and is now ready for all districts to use. This new form will be the required format for collective bargaining disclosures beginning February 1, 2023. Please send disclosures to the district’s Business Advisor at least 10 days in advance of the board meeting to allow adequate time for review and clarification. In addition, the new disclosure form includes a section to provide contact information for the district’s parent and teacher organizations. We will send our response letter to the district’s superintendent, with copies to the CBO, governing board, parent and teacher groups as identified by the district.

It is a recommended best practice to disclose all bargaining agreements including side letters, memoranda of understanding, and “me too” clauses for management and other unrepresented employees.

## Payroll Processing

Once a bargaining agreement is approved by the governing board, salary schedules can be updated in PeopleSoft. New salary schedule templates must be received at least three weeks prior to paysheet creation for the payroll processing month. If the bargaining agreement includes a retroactive payment, this can be processed in the month following salary schedule updates. Templates for retro payments are due three weeks prior to the first payroll pre-calc. Due dates for these items are noted in the table below.

| Payroll Cycle | Salary Schedule Update Due Date<br>(3 weeks prior to<br>creation of paysheets) |          | Retro Template Due Date<br>(3 weeks prior to<br>1st Calc) |          |
|---------------|--------------------------------------------------------------------------------|----------|-----------------------------------------------------------|----------|
|               |                                                                                |          |                                                           |          |
| January 2023  | Thursday                                                                       | 12/15/22 | Tuesday                                                   | 12/27/22 |
| February 2023 | Friday                                                                         | 01/13/23 | Monday                                                    | 01/23/23 |
| March 2023    | Friday                                                                         | 02/10/23 | Thursday                                                  | 02/23/23 |
| April 2023    | Wednesday                                                                      | 03/15/23 | Friday                                                    | 03/24/23 |
| May 2023      | Friday                                                                         | 04/14/23 | Tuesday                                                   | 04/25/23 |
| June 2023     | Monday                                                                         | 05/15/23 | Thursday                                                  | 05/25/23 |

## Summary of Legal References

### *Government Code 3547.5*

Requires the major provisions of a collective bargaining agreement, including the costs to be incurred in the current and subsequent fiscal years to be disclosed at a public meeting in a format established by the Superintendent of Public Instruction (SPI). The superintendent and chief business official must certify that the costs can be met during the term of the agreement. The budget revisions necessary for the current fiscal year must be adopted or the county superintendent of schools shall issue a qualified or negative certification on the next interim report.

### *Government Code 3540.2*

Requires a school district with a qualified or negative certification to allow the county office of education (COE) at least 10 working days to review and comment on any proposed agreement. In addition, the school district must provide all information necessary to understand the financial impact of the agreement in a format developed by the SPI. The COE must notify parent and teacher organizations of the district within the 10-day review period if the agreement may endanger the fiscal well-being of the school district.

### *Government Code 54956*

A special meeting is not allowed for approval of salaries, salary schedules, or fringe benefits of management employees, as defined in G.C. 3511.1(d).

### *Education Code 42142*

The school district must send budget revisions to the COE within 45 days of adopting a collective bargaining agreement. The budget revisions must also be reflected in interim reports and multiyear projections.

## **NON-VOTER-APPROVED DEBT**

School districts are required to disclose the terms of all planned issuances of non-voter-approved debt to our office at least 30 days before the governing board takes action. Our office will coordinate with the county auditor to provide relevant information for their review purposes. The non-voter-approved debt disclosure form is included with this memo, and can also be found on our website under the “Business Advisory Forms” section: <https://www.sdcoe.net/administrative-services/business-services/district-financial-services/business-advisory-services>.

The district’s Business Advisor will review the disclosure form and all related information and coordinate with the district for follow-up meetings and questions, as needed. Our office may engage professional services to assist with the review of non-voter-approved debt issuances. School districts are reminded of the requirement to disclose the terms of all planned non-voter-approved debt issuances, and to not rely on district consultants to provide the relevant information to our office.

The debt disclosure should answer the following questions:

- Why is the district borrowing?
- What will the district’s annual obligation be, including debt service payments and administrative costs?
- What is the risk that the annual obligation will vary from year to year, and by how much?
- What sources does the district plan to use to repay the debt?
- What is the likelihood that the sources of funds for repayment will be sufficient to repay the entire debt?
- What is the cost of funds, and is this reasonable?

## **Summary of Legal References**

### *Education Code 17150.1*

A school district must notify the county superintendent and county auditor at least 30 days before the governing board takes action to issue non-voter-approved debt. The district must provide all information necessary to assess the effect of the debt on the district’s budget to the COE, county auditor, governing board, and the public.

### *Education Code 42133*

A school district with a qualified or negative certification in the current or prior fiscal year may not issue non-voter-approved debt without approval by the county office of education.

### *Education Code 42133.5*

A school district may not use proceeds from non-voter-approved debt instruments secured by real property for general operations.

### *Government Code 53635.7*

A school district governing board must discuss, consider, and deliberate each decision that involves borrowing \$100,000 or more as a separate agenda item.