

SCHOOL BOARD CONFLICT OF INTEREST POLICY

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6287

Sponsor: Rep. John Pastor

Committee: Education

Complete to 12-5-06

A SUMMARY OF HOUSE BILL 6287 AS INTRODUCED 12-4-06

House Bill 6287 would amend the Revised School Code to require that by July 1, 2007, each Michigan school board adopt and implement a conflict of interest policy concerning the use of public funds, and would also require the Department of Education to develop and distribute to school districts a model conflict of interest policy.

Under the bill, the policy must prohibit the use of school district funds (or other public funds) for purchasing alcoholic beverages, jewelry, gifts, fees for golf, or any illegal items. However, the policy could allow the use of public funds for the purchase of a plaque, medal, trophy, or other award for the recognition of an employee, volunteer, or student if the purchase did not exceed \$100. [As used in this subsection, "public funds" means funds generated from taxes levied, state appropriations of state or federal funds, or payments made to the school district for services by another school district or any other person, but does *not* include voluntary contributions made for a specific purpose by a school board member, a school district employee, another individual, or a private entity.]

The bill specifies that in any one-month period, a school board member or school district administrator not accept services with a value in excess of \$51 from any person doing business with the school district.

Under the bill, a school board would be prohibited from entering into a contract, if a school board member or school district administrator had a substantial conflict of interest in a proposed contract. The bill defines "substantial conflict of interest" to mean a conflict of interest on the part of a school board member or school district administrator in respect to a contract with the school district that is of such substance as to induce action on his or her part to promote the contract for his or her own personal benefit. The bill also includes a lengthy description of cases in which there would be *no* conflict.

Under the bill, if a school board member or school district administrator, or an employee of a school district who recommended, negotiated, or was authorized to sign a contract on behalf of the district either was employed by or under contract with the business enterprise, or had a family member who had an ownership interest in or was employed by the business enterprise, then the board member, administrator, or employee would be required to disclose this fact to the school board at a public meeting, before the board entered into the contract. If the school board received a disclosure, the board would vote at a public meeting on whether or not it considered the relationship disclosed to be a

conflict of interest, and would not enter into the contract without first voting. [As used in this subsection, "family member" is defined to mean a person's spouse, or spouse's sibling or child; a person's sibling or sibling's spouse or child; a person's child or child's spouse; or a person's parent or parent's spouse, and includes these relationship as created by adoption or marriage.]

The bill requires that a school board ensure that each employment contract with a school administrator includes both a provision prohibiting the administrator from engaging in conduct involving moral turpitude, and also a provision allowing the school board to void the contract if the school administrator violates the contract.

Finally, the bill would establish an annual cost-of-living adjustment in the \$100 and \$51 monetary-caps set by the bill in order to restrict internal and external gift-giving, respectively. The amounts would be adjusted each January 1, using a factor that results from an equation that tracks the increased value of consumer goods, as measured by the Consumer Price Index. The adjusted amount would be calculated and announced by the Department of Education on or before December 15 each year.

MCL 380.1254a

FISCAL IMPACT:

House Bill 6287 could create additional administrative costs for the Department of Education associated with developing and distributing model policies.

Legislative Analyst: J. Hunault
Fiscal Analyst: Mary Ann Cleary
Bethany Wicksall

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.