

BILL ANALYSIS

C.S.H.B. 189
By: Hochberg
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Some school district superintendents around the state have been earning extra income from companies that do substantial business with their school districts. This can create a conflict of interest or, at the very least, the appearance of a conflict of interest.

Superintendents are often a primary source of information and recommendations to school boards concerning companies with which school districts enter into contracts. To avoid actual or apparent conflicts of interest, C.S.H.B. 189 prohibits a school district superintendent from receiving any financial benefit for personal services performed for any business entity that conducts or solicits business with the district.

In addition, in some cases school superintendents receive a financial benefit for performing personal services for other entities. While such arrangements may not create potential conflicts of interest, they are nevertheless of legitimate interest to the taxpayers of the district, and should be subject to public disclosure. C.S.H.B. 189 would require such arrangements to be approved on a case-by-case basis in an open meeting of the school board.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

The bill provides that a superintendent may not receive any financial benefit for personal services performed by the superintendent for any business entity that conducts or solicits business with the school district. Any financial benefit received by the superintendent for performing personal services for any other entity, including a school district, open-enrollment charter school, regional education service center, or public or private institution of higher education, must be approved by the board of trustees on a case-by-case basis in an open meeting.

For purposes of the above requirements, the receipt of reimbursement for a reasonable expense is not considered a financial benefit.

The provisions of the bill apply only to contracts entered into on or after the effective date of the Act. Contracts entered into before the effective date of the Act are governed by prior law.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute clarifies that, for the purposes of this bill, school districts, open-enrollment charter schools, regional education service centers, and public or private institutions of higher education are not business entities, thereby clarifying that financial compensation from such entities is permissible though subject to the public disclosure and board approval requirements in the bill. The substitute also adds language clarifying that the receipt of reimbursement for a reasonable expense is not considered a financial benefit, and makes a minor change in the effective date section to conform to Legislative Council drafting guidelines.