

# **MODESTO CITY SCHOOLS**

## **Board Bylaw**

**BB 9270**

### **BOARD OF EDUCATION**

#### **Conflict of Interest**

The Governing Board desires to maintain the highest ethical standards and help ensure that decisions are made in the best interest of the District and the public. Accordingly, no Board member, District employee, or other person in a designated position shall participate in the making of any decision for the District when the decision will or may be affected by their financial, family, or other personal interest or consideration.

Even if a prohibited conflict of interest does not exist, a Board member shall abstain from voting on personnel matters that uniquely affect their relatives. However, a Board member may vote on collective bargaining agreements and personnel matters that affect a class of employees to which their relative belongs. Relative means an adult who is related to the Board member by blood or affinity within the third degree, as determined by the common law, or an individual in an adoptive relationship within the third degree. (Education Code 35107)

A relationship within the third degree includes an individual's parents, grandparents, great-grandparents, children, grandchildren, great-grandchildren, brothers, sisters, aunts, uncles, nieces, nephews, and the similar family of the individual's spouse/registered domestic partner unless the individual is widowed or divorced.

The Board shall adopt for the District a conflict of interest code that incorporates the provisions of 2 CCR 18730 by reference, specifies the District's designated positions, and provides the disclosure categories required for each position. The conflict of interest code shall be submitted to the District's code reviewing body for approval, in accordance with Government Code 87303 and within the deadline for submission established by the code reviewing body. (Government Code 87303)

Upon direction by the code reviewing body, the Board shall review the District's conflict of interest code and submit any changes to the code reviewing body or, if no change is required, the Board shall submit a written statement to that effect. (Government Code 87306.5)

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When a change in the District's conflict of interest code is necessitated due to changed circumstances, such as the creation of new designated positions, changed to the duties assigned to existing positions, amendments, or revisions, the amended code shall be submitted to the code reviewing body within 90 days after the changed circumstances necessitating the amendments have become apparent. (Government Code 87306)

When reviewing and preparing the District's conflict of interest code, the Superintendent/designee shall provide officers, employees, consultants, and members of the community adequate notice and a fair opportunity to present their views. (Government Code 87311)

Board members and designated employees shall annually file a Statement of Economic Interest /Form 700 in accordance with the disclosure categories specified in the District's conflict of interest code. A Board member who leaves office or a designated employee who leaves District employment shall, within 30 days, file a revised statement covering the period of time between the closing date of the last required statement and the date of leaving office or District employment. (Government Code 87302, 87302.6)

### **Conflict of Interest Under the Political Reform Act**

A Board member, designated employee, or other person in a designated position shall not make, participate in making, or in any way use or attempt to use their official position to influence a governmental decision in which they knows or have reason to know that they have a disqualifying conflict of interest. A disqualifying conflict of interest exists if the decision will have a "reasonably foreseeable material financial effect," which is distinguishable from the effect on the public generally, on the Board member, designated employee, or other person in a designated position, their immediate family, or any financial interest described in 2 CCR 18700. (Government Code 87100, 87101, 87103; 2 CCR 18700-18707)

A Board member, designated employee, or other person in a designated position makes a governmental decision when they, acting within the authority of their office or position, authorizes or directs any action on a matter, votes or provides information or opinion on it, contacts or appears before a District official for the purpose of affecting the decision, or takes any other action specified in 2 CCR 18704.

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However, a Board member shall participate in the making of a contract in which they have a financial interest if their participation is required by the rule of necessity or legally required participation pursuant to Government Code 87101 and 2 CCR 18705.

### **Additional Requirements for Boards that Manage Public Investments**

Any Board member who manages public investments pursuant to Government Code 87200 and who has a financial interest in a decision shall, upon identifying a conflict or potential conflict of interest and immediately prior to the consideration of the matter, do all of the following: (Government Code 87105; 2 CCR 18707)

1. Publicly identify each financial interest that gives rise to the conflict or potential conflict of interest in detail sufficient to be understood by the public, except that disclosure of the exact street address of a residence is not required.
2. Recuse themselves from discussing and voting on the matter, or otherwise acting in violation of Government Code 87100. The Board member shall not be counted toward achieving a quorum while the item is discussed.

However, the Board member may speak on the issue during the time that the general public speaks on it and may leave the dais to speak from the same area as members of the public. They may listen to the public discussion and deliberations of the matter with members of the public.

3. Leave the room until after the discussion, vote, and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters.

If the item is on the consent calendar, the Board member must recuse themselves from discussing or voting on that matter, but the Board member is not required to leave the room during consideration of the consent calendar.

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4. If the Board's decision is made during closed session, disclose their interest orally during the open session preceding the closed session. This disclosure shall be limited to a declaration that their recusal is because of a conflict of interest pursuant to Government Code 87100. They shall not be present when the item is considered in closed session and shall not knowingly obtain or review a recording or any other nonpublic information regarding the Board's decision.

### **Conflict of Interest Under Government Code 1090 – Financial Interest in a Contract**

Board members, employees, or District consultants shall not be financially interested in any contract made by the Board on behalf of the District, including in the development, preliminary discussions, negotiations, compromises, planning, reasoning, and specifications and solicitations for bids. If a Board member has such a financial interest in a contract made by the Board, the contract is void. (Government Code 1090)

A Board member shall not be considered to be financially interested in a contract in which they have only a "remote interest," as specified in Government Code 1091, if the interest is disclosed during a Board meeting and noted in the official Board minutes. The affected Board member shall not vote or debate on the matter or attempt to influence any other Board member or District official to enter into the contract. (Government Code 1091)

In addition, a Board member shall not be considered to be financially interested in a contract in which their interest is a "noninterest" as defined in Government Code 1091.5. Noninterest includes a Board member's interest in being reimbursed for their actual and necessary expenses incurred in the performance of their official duties, in the employment of their spouse/registered domestic partner who has been a District employee for at least one year prior to the Board member's election or appointment, or in any other applicable circumstance specified in Government Code 1091.5.

### **Common Law Doctrine Against Conflict of Interest**

A Board member shall abstain from any official action in which their private or personal interest may conflict with their official duties.

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#### **Incompatible Offices and Activities**

Board members shall not engage in any employment or activity or hold any office which is inconsistent with, incompatible with, in conflict with, or inimical to the Board member's duties as an officer of the District. (Government Code 1099, 1126)

#### **Gifts**

Board members and designated employees may accept gifts only under the conditions and limitations specified in Government Code 89503 and 2 CCR 18730.

The limitation on gifts does not apply to wedding gifts and gifts exchanged between individuals on birthdays, holidays, and other similar occasions, provided that the gifts exchanged are not substantially disproportionate in value. (Government Code 89503)

In addition, the limitation on gifts does not apply to informational materials such as books, reports, pamphlets, calendars, and periodicals. (Government Code 82028)

Gifts of travel and related lodging and subsistence shall be subject to the current gift limitation, except when: (Government Code 89506)

1. The travel is in connection with a speech given by a Board member or designated employee, provided the lodging and subsistence expenses are limited to the day immediately preceding, the day of, and the day immediately following the speech and the travel is within the United States.
2. The travel is provided by a person or agency specified in government Code 89506, including a government, governmental agency or authority, bona fide public or private educational institution, as defined in Revenue and Taxation Code 203, or nonprofit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

Gifts of travel exempted from the gift limitation, as described in items 1 and 2 above, shall nevertheless be reportable on the recipient's Statement of Economic Interest/Form 700 as required by law.

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A gift of travel does not include travel provided by the District for Board members and designated employees. (Government Code 89506)

### **Honoraria**

Board members and designated employees shall not accept any honorarium, which is defined as any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering. (Government Code 89501, 89502)

The term honorarium does not include: (Government Code 89501)

1. Earned income for personal services customarily provided in connection with a bona fide business, trade, or profession, unless the sole or predominant activity of the business, trade, or profession is making speeches.
2. Any honorarium which is not used and, within 30 days after receipt, is either returned to the donor or delivered to the District for donation into the general fund without being claimed as a deduction from income for tax purposes.

### **District Action**

Any conflicts of interest must be reported to the Superintendent, or the Associate Superintendent, Human Resources. Upon receiving a report that a conflict of interests exists, the Superintendent or the Associate Superintendent, Human Resources, will take such action as is necessary to eliminate the conflict of interest. Such actions include, but are not limited to, requiring the involved District employee(s) to recuse themselves from having any influence or decision-making authority in the matter where the conflict of interest exists.

In the event a District employee has effectuated any actions in which there was a conflict of interest, such action(s) should be reported to the Superintendent or the Associate Superintendent, Human Resources. Upon receiving the report, the Superintendent, or Associate Superintendent, Human Resources, will initiate an investigation. At the conclusion of the investigation, if the District employee(s)

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are found to have used their District-granted authority in a manner that would violate the provisions of this policy, appropriate administrative action shall be taken. Such action would include disciplinary measures, up to and including a recommendation for dismissal from their employment.

#### *Legal Reference:*

##### **EDUCATION CODE**

*1006 Qualifications for holding office*

*35107 School district employees*

*35230-35240 Corrupt practices*

*35233 Prohibitions applicable to members of governing boards*

*41000-41003 Moneys received by school districts*

*41015 Investments*

##### **FAMILY CODE**

*297.5 Rights, protections, and benefits of registered domestic partners*

##### **GOVERNMENT CODE**

*1090-1099 Prohibitions applicable to specified officers*

*1125-1129 Incompatible activities*

*81000-91014 Political Reform Act of 1974*

*82011 Code reviewing body*

*82019 Definition, designated employee*

*82028 Definition, gift*

*82030 Definition, income*

*82033 Definition, interest in real property*

*82034 Definition, investment*

*87100-87103.6 General prohibitions*

*87200-87210 Disclosure*

*87300-87313 Conflict of interest code*

*87500 Statements of economic interests*

*89501-89503 Honoraria and gifts*

*89506 Ethics; travel*

*91000-91014 Enforcement*

##### **PENAL CODE**

*85-88 Bribes*

##### **REVENUE AND TAXATION CODE**

*203 Taxable and exempt property - colleges*

##### **CODE OF REGULATIONS, TITLE 2**

*18110-18997 Regulations of the Fair Political Practices Commission*

*18700-18707 General prohibitions*

*18722-18740 Disclosure of interests*

*18753-18756 Conflict of interest codes*

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#### *Legal References (cont.):*

##### **COURT DECISIONS**

*McGee v. Balfour Beatty Construction, LLC, et al. (4/12/16, No. B262850)*

*Davis v. Fresno Unified School District (2015) 237 Cal.App.4th 261*

*Klistoff v. Superior Court, (2007) 157 Cal.App.4th 469*

*Thorpe v. Long Beach Community College District, (2000) 83 Cal.App.4th 655*

*Kunec v. Brea Redevelopment Agency, (1997) 55 Cal.App.4th 511*

##### **ATTORNEY GENERAL OPINIONS**

*92 Ops.Cal.Atty.Gen. 26 (2009)*

*92 Ops.Cal.Atty.Gen. 19 (2009)*

*89 Ops.Cal.Atty.Gen. 217 (2006)*

*86 Ops.Cal.Atty.Gen. 138(2003)*

*85 Ops.Cal.Atty.Gen. 60 (2002)*

*82 Ops.Cal.Atty.Gen. 83 (1999)*

*81 Ops.Cal.Atty.Gen. 327 (1998)*

*80 Ops.Cal.Atty.Gen. 320 (1997)*

*69 Ops.Cal.Atty.Gen. 255 (1986)*

*68 Ops.Cal.Atty.Gen. 171 (1985)*

*65 Ops.Cal.Atty.Gen. 606 (1982)*

*63 Ops.Cal.Atty.Gen. 868 (1980)*

##### **INSTITUTE FOR LOCAL GOVERNMENT PUBLICATIONS**

*Understanding the Basics of Public Service Ethics: Personal Financial Gain Laws, 2009*

*Understanding the Basics of Public Service Ethics: Transparency Laws, 2009*

##### **WEB SITES**

*CSBA: <http://www.csba.org>*

*Fair Political Practices Commission: <http://www.fppc.ca.gov>*

*Institute of Local Government: <http://www.ca-ilg.org>*

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