Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1051 (Substitute S-1 as reported)
Sponsor: Senator Joe Hune
Committee: Education

CONTENT

The bill would amend the Revised School Code to prohibit a member of the board of a school district, intermediate school district (ISD), or public school academy (PSA) from voting on a contract or other financial transaction that required board approval, if the board member believed or had reason to believe that he or she had a conflict of interest with regard to that contract or transaction. If a person serving as legal counsel, or otherwise acting as an advisor or consultant to the board, believed or had reason to believe that he or she had such a conflict of interest, that person would be required to disclose the conflict to the board before the vote on the contract or financial transaction.

A person would be presumed to have a conflict of interest if he or she, or his or her family member, had a financial interest, or a competing financial interest, in the contract or other financial transaction. A board member also would be presumed to have a conflict of interest if he or she, or his or her family member, were an employee of the district, ISD, or PSA. The bill would define "family member" as a spouse, child, sibling, sibling's spouse or child, child's spouse, parent, or parent's spouse, and would include these relationships as created by adoption or marriage.

If a person had a child who was a pupil of the district, ISD, or PSA, that relationship alone would not constitute a conflict of interest or financial interest.

Proposed MCL 380.1203

FISCAL IMPACT

The fiscal impact on school districts, ISDs, and charter schools (PSAs) is indeterminate. To the extent a board member's or legal counsel's conflict of interest currently hinders the cost effectiveness of a school board's decisions over contracts and financial transactions, the bill could result in cost savings for those districts, ISDs, or charter schools.

Date Completed: 9-20-12   Fiscal Analyst: Cameron S. Mock