



Ethics Training for School Administrators Issue Brief

Background

School board members and other locally elected officials are required to have 2 hours of ethics training within 12 months of being elected or appointed to the board in which they serve and within 12 months after each subsequent election or appointment. Currently there is no ethics training required for school administrators.

Unfortunately, there have been incidents in both NC and other states where public employees have abused the trust that the governing body and public have put in them and in some instances have led to criminal activity.

One of the worst cases of public employee corruption transpired in Buncombe County. The county manager, two of her assistant county managers and her son, who was also a county employee, were indicted in April 2018 on multiple charges including wire fraud, federal programs fraud, receipt of kickbacks or bribes, and money laundering. Allegations included the misuse of county credit cards for over \$200,000 in personal purchases between 2007-2017, devising a scheme to misappropriate approximately \$2.3 million from public funds to purchase unauthorized life insurance policies for herself, her son and eight other county employees, and acceptance of trips around the world, tickets to sporting events, and spa treatments in exchange for the award of \$15 million in government contracts. All four have entered plea deals and are awaiting sentencing.

State of North Carolina

NCGS 14-234(a)(1) prohibits school board members and school system employees involved in making or administering a contract on behalf of the board from deriving a direct benefit from the contract unless there is a clear exception. School employees are involved in “making” contracts if they participate in the development of specifications or terms in the preparation or award of the contract. Those “administering” a contract are those employees who oversee the performance of the contract or those who have authority to make decisions about the contract. A “direct benefit” is when a board member, covered employee or his or her spouse have more than 10% ownership in the company that is party to the contract, derives any income or commission directly from the contract, or acquires property under the contract.

NCGS 14-234(a)(2) prohibits school board members and school system employees who derived a direct benefit from a contract with the school board, but who are not involved in making or administering the contract, from attempting to influence any other person who is involved in the contract.

NCGS 14-234(a)(3) prohibits school board members and school system employees from soliciting or receiving any gift, favor, reward, service or promise of reward, including a promise of future employment, in exchange for recommending, influencing or attempting to influence the

award of a contract. This prohibition includes those associated with a current contract, a contract within the past year or anticipating bidding on a contract in the future. There are several exceptions including advertising items or souvenirs of nominal value. In its model policy NCSBA has defined nominal value as \$50 or less.

Federal Government

The federal rules are even stricter. Any school board member or employee who has a real or apparent conflict of interest under federal rules, shall not deliberate on, vote on, or otherwise engage in the selection, award or administration of a contract supported in whole or in part by federal funds. Under the federal ethics rules, a conflict of interest occurs when a board member, employee or agent of the school system or his and her spouse, immediate family member, or partner, or the employer or the pending employer of any of those persons has a financial or other interest in or receives tangible personal benefit from a firm considered for the contract.

Under federal rules, board members, employees and agents of the school system may not solicit or accept gratuities, favors or anything of monetary value from contractors or parties to subcontractors. The school system can set standards for situations in which the gift is an unsolicited item of nominal value. This would include but not be limited to any e-rate vendor.

NCSBA Position

NCSBA believes that any school administrator involved in making or administering contracts should be required to have at least two hours of ethics training upon such employment and renew this training in odd-numbered years thereafter. It is critical to inform and re-educate school administrators of both the state and federal ethics laws to ensure that the trust that the school board, community and taxpayers have placed in them is honored. It is important that this training be renewed so that as laws change, new contractual relationships are entered into and new examples emerge, everyone can stay abreast of this ever changing landscape.