



Aloha and welcome to the Hawai'i State Ethics Commission's on-line ethics training program for Public Charter School Governing Board members.

For the most part, this presentation will advance automatically. We have included some interactive quizzes in the program, which will prompt you to select the correct answer.

This program will take a little over 30 minutes to complete.

Once you have completed this training program, you can obtain a certificate of completion via email. Follow the instructions for this at the end of the program.



In Hawai'i, hundreds of citizens participate in government by volunteering to serve on state boards and commissions. We entrust these public officials with many important government functions, such as providing for the healthcare and housing needs of our community, managing our cultural and historic resources, and regulating licensed professions to protect Hawai'i consumers. State board and commission members – most of whom are unpaid volunteers – help shape our government and provide a vital service to the people of Hawai'i.

Article XIV Hawai'i State Constitution

Hawai'i Revised Statutes Chapter 84 | State Ethics Code

“The people of Hawai'i believe that public officers and employees must exhibit the highest standards of ethical conduct and that these standards come from the personal integrity of each individual in government.”

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We rely upon all state officials to perform their duties with integrity. In fact, Hawai'i's Constitution requires that public officers and employees exhibit the highest standards of ethical conduct. These standards of conduct are found in Hawai'i Revised Statutes Chapter 84, also known as the State Ethics Code.

State Ethics Code applies to:



State
Legislators



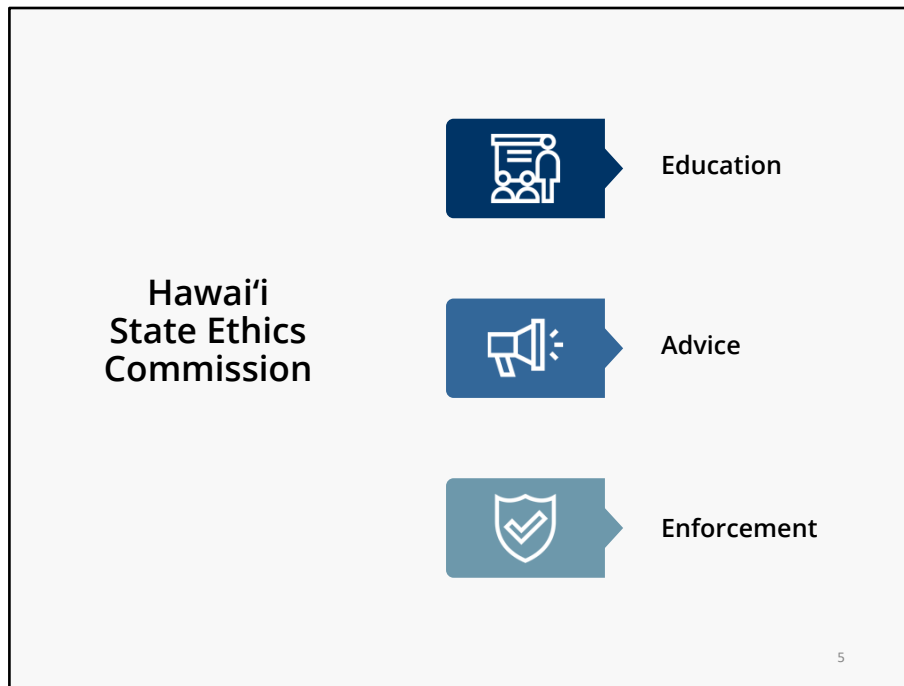
State
Employees



Members of
State Boards and
Commissions

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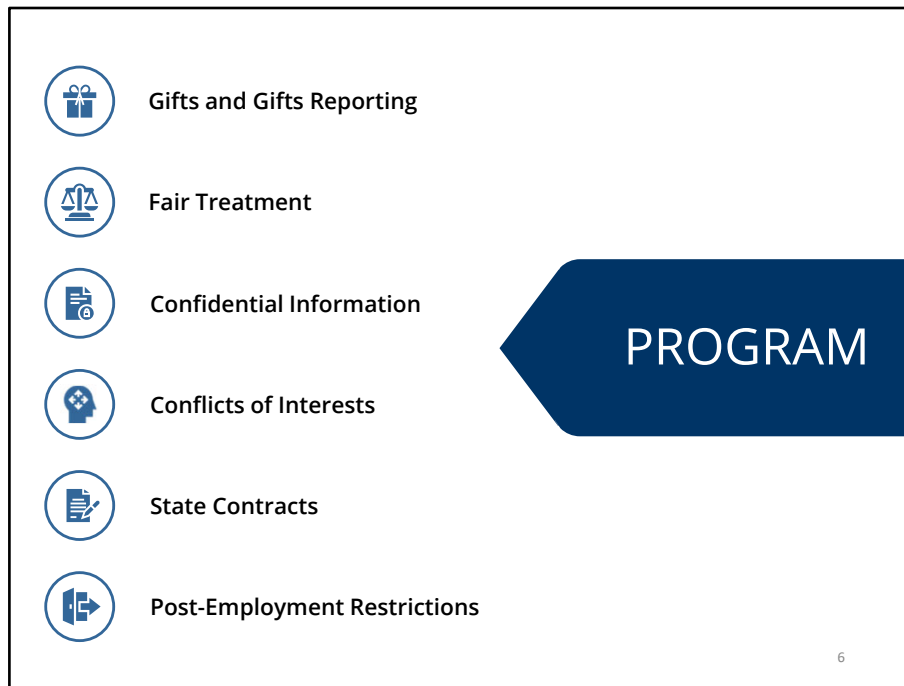
The State Ethics Code consists of state laws that require ethical conduct by all state legislators, state employees, and the members of state boards and commissions. These laws promote integrity and public confidence in government.



The Hawai'i State Ethics Commission administers and enforces the State Ethics Code.

The Commission:

- Educates state officials about the ethics laws;
- Provides ethics advice to state officials; and
- Enforces the ethics laws by investigating and prosecuting ethics violations.



In this program, we will cover the following ethics laws that together form the State Ethics Code: Gifts and Gifts Reporting; Fair Treatment; Confidential Information; Conflicts of Interests; State Contracts; and Post-Employment Restrictions.

Let's begin our discussion with the Gifts law.

Gifts

HRS § 84-11



Don't accept any gift if it is reasonable to infer the gift is offered to influence or reward you for state action.

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The State Ethics Code has a Gifts law that applies to all state officials. As a state board member, the Gifts law prohibits you from accepting any gift if it's reasonable to infer the gift is offered to influence or reward you for state action.

The Gifts law is not based on whether someone actually intends to influence you or whether you are actually influenced by a gift. Rather, the law is based on appearance: Does it reasonably appear that a gift is offered to influence or reward your actions as a state board member? If the answer is yes, then the gift is prohibited.

What is a gift?

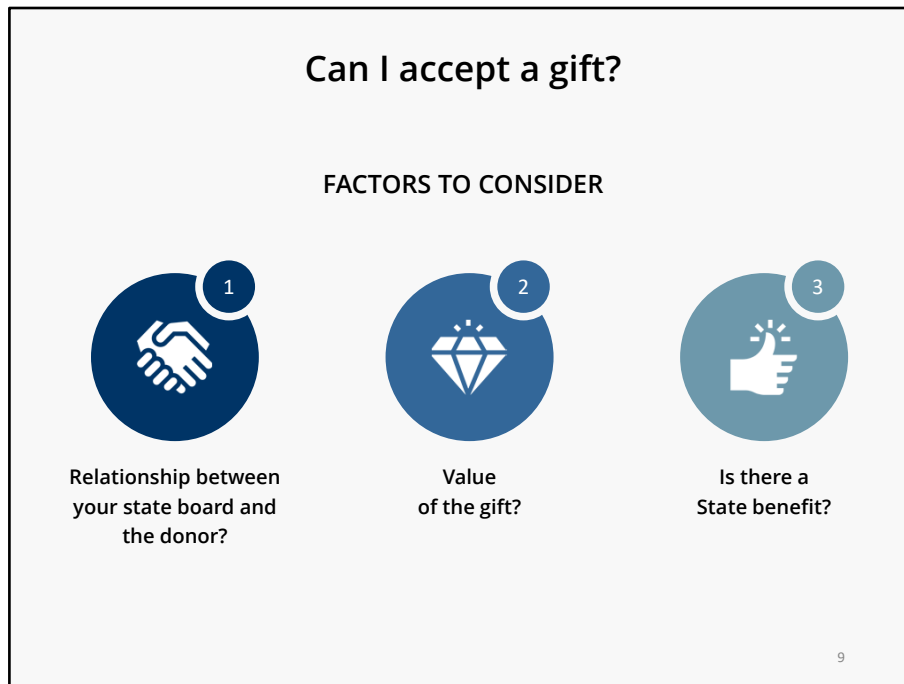


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So, what is a gift? It can be anything of value that is offered or given to you. Here are some examples:

- Free meals and other gifts of food, such as a box of malasadas or a tray of sushi;
- Gift baskets and gift cards;
- Recreation and entertainment, such as free golf or tickets to sports events or shows;
- Invitations to special events, such as grand openings or charity fundraiser dinners; and
- Travel, including airfare and hotel.

Again, these are just examples. There are many other kinds of gifts that are subject to the Gifts law.



If you are offered a gift, you must first ask whether the Gifts law allows you to accept it. The State Ethics Commission looks at three factors:

- First, the relationship between your state board or commission and the donor of the gift;
- Second, the value of the gift; and
- Third, whether the gift will provide any benefit to the State or to you in performing your state duties.

Let's look a little closer at each of these factors.

Can I accept a gift?

What is the relationship between the Governing Board and the donor?

- ▶ Vendor or Contractor (including the school's non-profit)? - No Gifts!
- ▶ Employees of the school (subject to Governing Board policies)? - No Gifts!

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The first factor is the relationship between the Governing Board and the donor.

If the Governing Board takes state action affecting the donor, the gift is more likely to be prohibited. For example, if the Governing Board approves lease agreements or other contracts with the nonprofit organization supporting the school, then gifts from the nonprofit, including meals and invitations to events, are almost always prohibited. Similarly, Governing Board members should not accept gifts from school personnel, when Governing Board members set terms and conditions of employment for school employees.

Again, you must not accept any gifts from a vendor or contractor who does business with

the Governing Board or is seeking to do business with the Governing Board. This includes the nonprofit supporting the school if the Governing Board has any contracts or lease agreements with the nonprofit.

Can I accept a gift?

What is the value of the gift?

- ▶ HIGH - Gift more likely prohibited
- ▶ NOMINAL - Gift more likely allowed

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The second factor is the value of the gift. Generally, the higher the value of the gift, the more likely it is that the gift is prohibited.

For example, expensive gift baskets or meals are most likely to be prohibited gifts.

Gifts of nominal value that may generally be accepted include inexpensive items such as branded pens, calendars, or tote bags provided at a training session or conference.

Can I accept a gift?

Is there a benefit to the State if I accept the gift?

- ▶ YES - Gift more likely allowed
- ▶ NO - Gift more likely prohibited

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The third factor is whether the gift provides any benefit to the State. Gifts that benefit the State, or benefit you in performing your state duties, are more likely to be allowed. For example, is someone offering to pay for you to attend a seminar or conference that will help you better perform your state duties? This may be allowed under the Gifts law.

On the other hand, gifts that are mainly for your own personal benefit or entertainment are generally prohibited. This includes:

- Free golf and other recreational activities;
- Tickets to sports events, concerts and shows; and
- Gifts cards or money.

Gifts of Travel

(Travel paid for by non-state entity)



- Who is paying for trip?
- Does trip relate to state duties?
- No travel upgrades

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Many state board and commission members travel to the neighbor islands or outside Hawai'i as part of their state duties. Sometimes, private organizations offer to pay for a board member's travel. These trips are considered "gifts of travel" and they are subject to the Gifts law.

If an organization offers to pay your travel expenses for a trip, contact the State Ethics Commission for guidance. You will be asked to provide information about the trip, the organization offering to pay for your trip, and how the trip relates to your state duties. Based upon the information you provide, one of the Commission's attorneys will advise you whether you may accept the gift of travel.

Be aware that although your trip may be for a legitimate state purpose, travel upgrades to business class or first class are generally considered a personal benefit and cannot be accepted.



Quiz

Nani is the chairperson of the Governing Board. The landscaping company that has a contract to maintain the grounds around the school calls Nani and offers to buy lunch for all the Governing Board members at its next meeting. Can Nani and the other Governing Board members accept the lunch?

☐

Yes, because they will be eating the lunch at a Governing Board meeting.

☐

Yes, as long as the lunch costs under \$15.

☐


No, because this is a prohibited gift from a vendor or contractor.

Let's see how the Gifts law applies in this case involving Nani, a Governing Board member who receives an offer of lunch for her and her fellow board members.


Read the question and select the correct answer by clicking on it. Then click the SUBMIT button in the lower right corner. If you are incorrect, you will get another chance by clicking TRY AGAIN.

Quiz

Click the **Quiz** button to edit this object

 Quiz

Nani is the chairperson of the Governing Board. The landscaping company that has a contract to maintain the grounds around the school calls Nani and offers to buy lunch for all the Governing Board members at its next meeting. Can Nani and the other Governing Board members accept the lunch?



- ☐ Yes, because they will be eating the lunch at a Governing Board meeting.
- ☐ Yes, as long as the lunch costs under \$15.
- ☐ No, because this is a prohibited gift from a vendor or contractor.



Quiz

Nani is the chairperson of the Governing Board. The landscaping company that has a contract to maintain the grounds around the school calls Nani and offers to buy lunch for all the Governing Board members at its next meeting. Can Nani and the other Governing Board members accept the lunch?



Yes, because they will be eating the lunch at a Governing Board meeting.



Yes, as long as the lunch costs under \$15.



No, because this is a prohibited gift from a vendor or contractor.

Nani and the other Governing Board members cannot accept the lunches because the landscaping company has a contract with the School. The lunch for Governing Board members would be a prohibited gift.

Gifts to teachers:

Small gifts from students are allowed



- Teachers (and other school employees) may accept small, unsolicited gifts from students and their parents/guardians
- These gifts do not have to be reported on a gifts disclosure statement

HRS §§ 84-11, 84-13; HAR §§ 21-7-3

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This presentation is designed for Governing Board members of Charter Schools. Again, there are strict rules on whether Governing Board members may accept gifts. We pause to note, however, that the school's teachers may accept small, unsolicited gifts from students and their parents or guardians.

Gifts Reporting

HRS § 84-11.5



Report gift(s) to the State Ethics Commission if:

1. Value of gift or gifts from same source is more than \$200; and
2. Source of the gift or gifts has interests that may be affected by your actions as a state board member.

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The State Ethics Code also has a Gifts Reporting law.

This law requires you to report gifts to you, your spouse, or any of your dependent children, if:

- The value of the gift, or the combined value of two or more gifts from the same source, is more than \$200; and
- The source of the gift has interests that may be affected by your actions as a state board member.

If these conditions are met, you must file a Gifts Disclosure statement with the State Ethics Commission. Note that certain gifts do not have to be reported on a Gifts Disclosure statement, such as gifts from close relatives or gifts that are donated to charity.



Gifts Disclosure statements are due each year on June 30. They cover gifts received between June 1 of the preceding calendar year and May 31 of the current year. All Gifts Disclosure statements are public records.


Gifts Disclosure forms and instructions are available on the State Ethics Commission's website.

☒ Quiz

Is it okay for me to accept any gift as long as I report it?

☐ YES

☐ NO



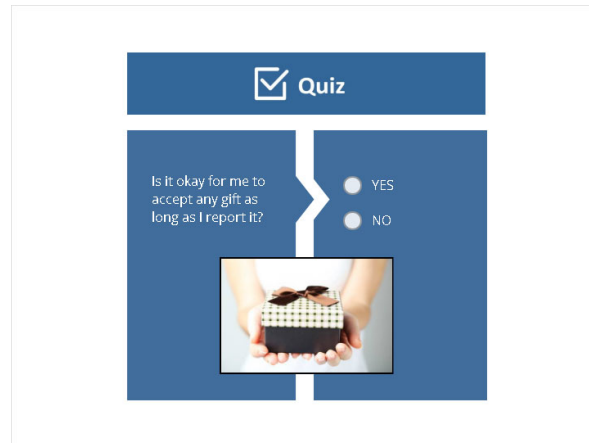
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Time for a Pop Quiz: Can a board member accept any gift as long as it is reported on a Gifts Disclosure statement?

Select the correct answer.

Quiz

Click the **Quiz** button to edit this object



The image shows a mockup of a quiz interface. At the top is a blue header bar with a white checkmark icon and the word "Quiz". Below this is a white question box with a blue border. The question text is "Is it okay for me to accept any gift as long as I report it?". To the right of the question are two radio button options: "YES" and "NO". Below the question is a small image of a person's hands holding a gift box. The entire quiz interface is set against a dark blue background.


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☒ Quiz

Is it okay for me to accept any gift as long as I report it?

☐ YES

☐ NO




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Some state officials believe that they may accept any gift as long as they report it on a Gifts Disclosure statement. This is incorrect!

Remember, simply because you intend to report a gift on a Gifts Disclosure statement does not mean it was permissible for you to accept the gift in the first place.

Summary: Gifts and Gifts Reporting



- Don't accept a gift if it reasonably appears the gift is intended to influence or reward your actions as a Governing Board member.
- Report gifts over \$200 from anyone who may be affected by your actions as a Governing Board member.
- You can't accept a prohibited gift just because you report it on a Gifts Disclosure statement.

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Let's summarize how the Gifts and Gifts Reporting laws apply to you:

- Don't accept a gift if it reasonably appears the gift is intended to influence or reward your actions as a Governing Board member. And don't accept any gifts from vendors or contractors with the Governing Board (even from the nonprofit supporting the school, if you have contracts or lease agreements with the nonprofit).
- File a Gifts Disclosure statement to report gifts over \$200 that you receive from anyone who may be affected by your actions as a Governing Board member.
- And remember that you are not allowed to accept a prohibited gift just because you intend to report it on a Gifts Disclosure statement.

For more information about the Gifts law, visit the State Ethics Commission's website and see our "Quick Guide on Gifts."

This concludes our discussion of Gifts and Gifts Reporting under the State Ethics Code.

Fair Treatment

HRS § 84-13(a)



Don't use your state position to obtain unwarranted privileges, advantages, or treatment for yourself or others.

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As state officials and employees, we are all expected to perform our duties with integrity and to act for the public good rather than our own personal gain. The State Ethics Code's Fair Treatment law affirms this important principle.

The Fair Treatment law prohibits board and commission members from using their official positions to give unwarranted privileges or advantages to themselves or others. In other words, don't use your state position to unfairly benefit yourself or anyone else. Being a member of a state board does not mean you are entitled to give or receive preferential treatment.

Fair Treatment

HRS § 84-13(a)(1)



Don't use your state position to obtain outside employment or contracts for yourself.

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The Fair Treatment law includes several prohibitions. First, don't use your state position to obtain outside employment or contracts for yourself.

Fair Treatment

HRS § 84-13(a)(2)



Don't accept any compensation
for performing your state duties
unless permitted by law.

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Second, don't accept any compensation for performing your state duties unless permitted by law.

Most state board members serve as unpaid volunteers and the Fair Treatment law prohibits them from accepting any compensation for performing their state duties.

Some board members are permitted by law to receive a state salary for their service. These board members may accept their authorized state pay, but the Fair Treatment law prohibits them from accepting any additional compensation for performing their state duties.

Fair Treatment

HRS § 84-13(a)(3)



Don't use state time, equipment, facilities, or other state resources for private business purposes.

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The Fair Treatment law also prohibits the use of state time, equipment, or facilities for private business purposes. For board members, state time means the time during which you are performing your state duties.

State equipment includes office equipment, such as photocopiers and computers, as well as other kinds of state equipment such as tools and machinery. This also includes state vehicles.

State facilities include state offices, conference and meeting rooms, and other state work premises.

You are also prohibited from using other state resources, such as your state email or state personnel, for private business activities.

What is a private business?



For-profit
business



Nonprofit
organization



Political
campaign

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Under the State Ethics Code, a “private business” means a for-profit business as well as a nonprofit organization, such as a private charity. A political campaign is also considered a private business.

Prohibited Private Business Activities in State Offices

- Promoting or soliciting private business
- Selling food, crafts, etc.
- Fundraising for private clubs, organizations, charities
- Campaign activities (asking for campaign contributions, planning campaign events, etc.)



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Here are some examples of “private business” activities that may not take place in state offices:

- Promoting or soliciting private business, such as soliciting clients for a real estate business;
- Selling food, crafts, or other items;
- Fundraising for private clubs, organizations, or charities; and
- Conducting campaign activities, such as asking for campaign contributions or planning campaign events.

State-Sponsored Fundraising

State resources may be used to fundraise for some state-sponsored events.

- ▶ Aloha United Way
- ▶ Hawaii Foodbank
- ▶ Blood Bank of Hawaii



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Although the Fair Treatment law prohibits the use of state resources for private fundraising, state resources may be used to fundraise for certain state-sponsored events, such as the State's Aloha United Way campaign, and other State campaigns for the Hawaii Foodbank and the Blood Bank of Hawaii.

School-Affiliated Nonprofit Fundraising

- If the nonprofit organization's sole mission is to support the school, then school resources may be used to fundraise for the nonprofit.
- If the nonprofit organization supports community programs in addition to the school, then school resources may not be used to fundraise for the nonprofit.
- *Students* may generally fundraise as part of a school project, per school policies.

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School and Governing Board resources – including staff time, school e-mail addresses, school photocopier, and so on – may be used for fundraisers for the school-affiliated nonprofit, but only if the nonprofit's sole mission is to support the school. For example, if the nonprofit organization also supports different programs in the community that are unrelated to the school, the nonprofit must be treated like any other private nonprofit organization – meaning that school resources may not be used for fundraisers to support this nonprofit. However, if the nonprofit's sole mission is to support the charter school, then school resources may be used for fundraisers.

Fair Treatment

HRS § 84-13(a)(4)




Don't enter into substantial financial transactions with subordinates or those you supervise or inspect.

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Finally, the Fair Treatment law prohibits you from entering into substantial financial transactions with a subordinate state employee, or with someone you supervise or inspect as a board member.

For example, a state board member may not sell a used car to a subordinate state employee or hire a subordinate employee to do outside work for the board member.

This is to prevent board members from misusing their state authority in private financial transactions with subordinates.

 Quiz

What is prohibited by the Fair Treatment law? Match the puzzle pieces by dragging right to left:


Using your state position	to design a website for your private business.
Accepting a \$50 honorarium	to fundraise for your child's soccer club.
Selling candy in a state office	to give preferential treatment to a friend.
Hiring a subordinate state employee	to speak on behalf of your board at a business luncheon.

33

Now test your knowledge of the Fair Treatment law by matching the puzzle pieces.

Quiz

Click the **Quiz** button to edit this object

 Quiz

What is prohibited by the Fair Treatment law? Match the puzzle pieces by dragging right to left:

Accepting a \$50 honorarium	to fundraise for your child's soccer club.
Selling candy in a state office	to give preferential treatment to a friend.
Hiring a subordinate state employee	to speak on behalf of your board at a business luncheon.
Using your state position	to design a website for your private business.

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Summary: Fair Treatment



Don't use your state position to unfairly benefit yourself or others.

- Don't use your state position to get outside employment for yourself.
- Don't accept compensation for state duties unless permitted by law.
- Don't use state resources for private business activities.
- Don't enter into substantial financial transactions with subordinates.

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Let's summarize how the Fair Treatment law applies to you.

- Don't use your state position to unfairly benefit yourself or others.
- Don't use your state position to obtain outside employment or contracts for yourself.
- Don't accept compensation for performing your state duties unless permitted by law.
- Don't use state resources for private business activities, including private fundraising and political campaign activities.
- And don't enter into substantial financial transactions with subordinates or anyone you supervise or inspect.

This concludes our discussion of Fair Treatment under the State Ethics Code.

Confidential Information

HRS § 84-12



Don't disclose confidential information.

Don't use confidential information to benefit anyone.

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In the course of performing their state duties, many board and commission members acquire confidential information that is not available to the public.

The State Ethics Code prohibits you from disclosing confidential information or using confidential information for your personal gain or for someone else's benefit.

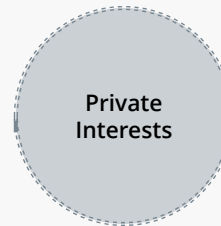
Remember, confidential information is for official use only!

Conflicts of Interests

HRS § 84-14



vs.



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When a board or commission member takes state action affecting his or her own financial interests, we call this a conflict of interest. A conflict of interest can make it appear that state action is influenced by a board member's own self interest. This weakens public confidence in government.

The State Ethics Code has three important laws to address and prevent conflicts of interests by state board members.

Conflicts of Interests

HRS § 84-14(a)



DISQUALIFY YOURSELF IF YOU HAVE A CONFLICT OF INTEREST

Don't take official action directly affecting a business in which
you have a financial interest.

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First, the law prohibits you from taking official action affecting any business in which you have a financial interest.

This means that if you have a financial interest in a business, you must disqualify yourself from taking official action as a board member affecting that business.

So, what exactly is a “financial interest” in a business? It's important that you understand what this means.

What is a Financial Interest?



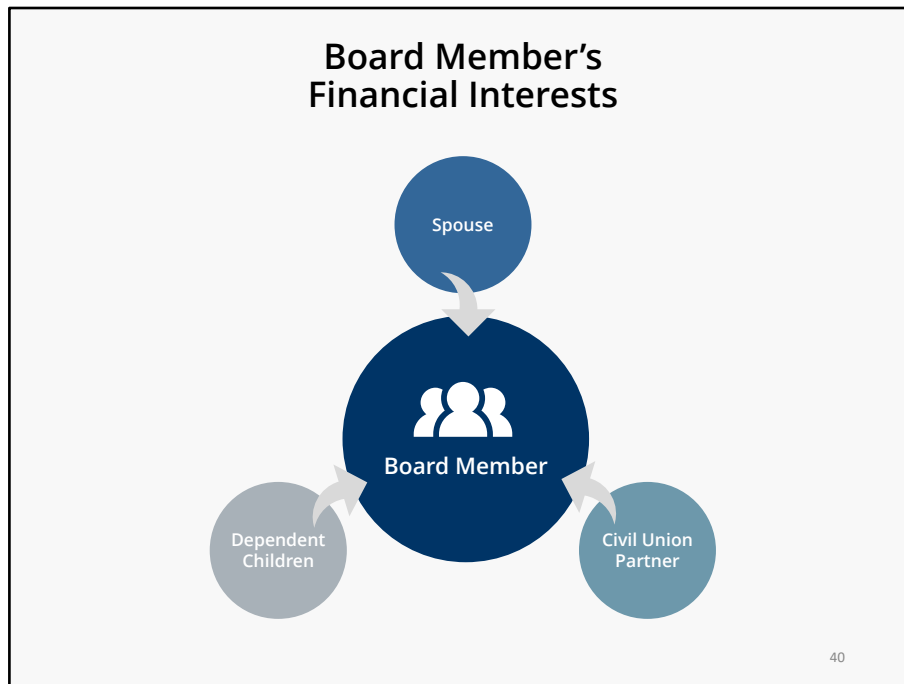
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Remember that under the State Ethics Code, a “business” includes for-profit companies and nonprofit organizations. And a “financial interest” in a business includes the following:

- Owning a business (this includes owning shares of stock in a business);
- Being employed by a business, even on a part-time basis; and
- Serving as an officer or director of a business, even if you are not paid for your services.

A financial interest also includes:

- Owning real or personal property;
- Having a loan from a business; or
- Being a creditor of an insolvent business.



Your financial interests also include the financial interests of your spouse, civil union partner, and dependent children.

This means that if your spouse has a financial interest in a business, you must disqualify yourself from taking official action as a state board member affecting that business.

What is Official Action?

Definition

- Personal judgment or discretion
- Decision
- Recommendation
- Approval/disapproval

Examples

- Awarding loans, grants, contracts
- Administering state programs
- Managing state resources
- Regulating businesses or professions
- Giving advice, opinions, recommendations

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“Official action” is anything you do as a state board or commission member that involves personal judgment or discretion – that is, any decision, recommendation, approval, or disapproval that you make or participate in.

Examples of “official action” include: awarding loans, grants, or contracts; administering state programs; managing state resources; regulating businesses or professions; and giving your advice, opinions, or recommendations about something.

Be aware that “official action” by board members is not limited to making motions or voting at meetings. “Official action” also includes participating in discussions or deliberations leading up to a vote or board decision.



Quiz

Noe serves on a charter school's Governing Board. Her spouse is employed as the Executive Director of the nonprofit that supports the school. The school rents its facility from the nonprofit, and the lease agreement is presented to the Governing Board for its review. What must Noe do in this situation?



Noe must ask the Board chairperson for permission to participate in the Board's consideration of this matter.



Noe may participate in the Board's discussion of the lease agreement if the lease is for a nominal amount, like \$1.




Noe must disqualify herself from participating in the Board's discussion of the lease and must also disqualify herself from voting on the matter.


Let's see how the Conflicts of Interests law applies to Noe, whose Governing Board will consider a lease agreement. Read the question and select the correct answer.

Quiz

Click the **Quiz** button to edit this object

 Quiz

Noe serves on a charter school's Governing Board. Her spouse is employed as the Executive Director of the nonprofit that supports the school. The school rents its facility from the nonprofit, and the lease agreement is presented to the Governing Board for its review. What must Noe do in this situation?



- ☐ Noe must ask the Board chairperson for permission to participate in the Board's consideration of this matter.
- ☐ Noe may participate in the Board's discussion of the lease agreement if the lease is for a nominal amount, like \$1.
- ☐ Noe must disqualify herself from participating in the Board's discussion of the lease and must also disqualify herself from voting on the matter.



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Noe serves on a charter school's Governing Board. Her spouse is employed as the Executive Director of the nonprofit that supports the school. The school rents its facility from the nonprofit, and the lease agreement is presented to the Governing Board for its review. What must Noe do in this situation?



Noe must ask the Board chairperson for permission to participate in the Board's consideration of this matter.



Noe may participate in the Board's discussion of the lease agreement if the lease is for a nominal amount, like \$1.



Noe must disqualify herself from participating in the Board's discussion of the lease and must also disqualify herself from voting on the matter.

Noe has a conflict of interest. Because her spouse is employed by the nonprofit, Noe has a “financial interest” in the nonprofit. Therefore, the Conflicts of Interests law prohibits Noe from taking any “official action” as a board member affecting the nonprofit. Noe must disqualify herself from participating in the board’s discussion and must also disqualify herself from voting on this matter.

Conflicts of Interests

HRS § 84-14(b)



DON'T CREATE NEW CONFLICTS OF INTERESTS


Don't acquire a financial interest in a business
if there is a reason to believe you will take
official action affecting that business.

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The State Ethics Code has another law that prohibits board and commission members from creating new conflicts of interests for themselves after they are appointed to their state positions. This law prohibits you from acquiring a new financial interest in any business that may be affected by your official action as a state board member.

☒ Quiz

Mitsy is a member of a Governing Board that has a lease agreement with a nonprofit organization. The nonprofit organization wants to hire Mitsy to cater a fundraising dinner. Can Mitsy take the catering job for the nonprofit?




- ☐ Yes, because the nonprofit supports the school.
- ☐ Yes, so long as Mitsy gives the nonprofit a discount off her normal catering rates.
- ☐ No, because Mitsy takes official action as a Governing Board member affecting the nonprofit organization.
- ☐ No, because Governing Board members are not allowed to have any outside jobs.

Now let's see how the law applies to Mitsy, a Governing Board member who is thinking about applying for a new private job.


Read the question and select the correct answer.

Quiz

Click the **Quiz** button to edit this object

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☐ Yes, so long as Mitsy gives the nonprofit a discount off her normal catering rates.

☐ No, because Mitsy takes official action as a Governing Board member affecting the nonprofit organization.

☐ No, because Governing Board members are not allowed to have any outside jobs.

As a Governing Board member, Mitsy has authority over the nonprofit organization. Therefore, Mitsy cannot take the catering job because it would create a conflict of interest.

Conflicts of Interests

HRS § 84-14(d)



DON'T ASSIST OR REPRESENT OTHERS FOR PAY

- In a transaction before your board
- On a matter in which you have participated or will participate as a board member

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There is one more conflicts of interests law, which prohibits board members from assisting or representing others for pay in transactions before their own boards. For example, you cannot be hired for pay to assist a business in negotiating a contract with your own state board. In some cases where a board is part of a larger state agency, this law will also prohibit a member of the board from assisting or representing others in transactions before that agency.

The purpose of this law is to prevent board members from being hired to use their influence within their own boards to obtain special treatment for others – a prohibited practice known as “influence peddling.”

This law also prohibits you from assisting or representing anyone for pay on matters in which you have participated or will participate as a state board member.

☒ Quiz

Dee Ann, a member of a Governing Board, works at a private landscaping company. The Governing Board needs to hire landscapers to maintain the school property. Can Dee Ann help her company submit a bid to the Governing Board?



☐ No, because Dee Ann cannot assist or represent her company, even behind the scenes, on any matter before her Governing Board.

☐ Yes, as long as Dee Ann does not directly communicate with her Governing Board on behalf of her company.


☐ Yes, as long as Dee Ann's company gives the Governing Board a discount.

Let's see how the law applies in this case involving Dee Ann, a Governing Board member who also works for a landscaping company.


Read the question and select the correct answer.

Quiz

Click the **Quiz** button to edit this object

 Quiz


Dee Ann, a member of a Governing Board, works at a private landscaping company. The Governing Board needs to hire landscapers to maintain the school property. Can Dee Ann help her company submit a bid to the Governing Board?



- ☐ No, because Dee Ann cannot assist or represent her company, even behind the scenes, on any matter before her Governing Board.
- ☐ Yes, as long as Dee Ann does not directly communicate with her Governing Board on behalf of her company.
- ☐ Yes, as long as Dee Ann's company gives the Governing Board a discount.

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☐ Yes, as long as Dee Ann does not directly communicate with her Governing Board on behalf of her company.

☐ Yes, as long as Dee Ann's company gives the Governing Board a discount.

Dee Ann cannot assist or represent anyone for pay in a transaction before her own Governing Board even if she avoids asking the Governing Board for any preferential treatment. The Conflicts of Interests law prohibits this to prevent even the appearance of impropriety by a state board member.

Conflicts of Interests: Best practices




- Review your school's Conflicts of Interests policy; consider adopting the model policy.
- Review the Charter School Ethics Guide, available on the Ethics Commission's website.

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Your school likely has a conflicts of interests policy already. The Ethics Commission, in coordination with the Charter School Commission, has developed a model Conflicts of Interests policy. We recommend that you review your existing policy and consider adopting the model policy, which will help to ensure that your school is following the best practices for school governance.

The Ethics Commission has also developed a short ethics guide specifically for Charter School Governing Board members. That guide is available on the Commission's website.

Summary: Conflicts of Interests



- Disqualify yourself when you have a conflict of interest.
- Don't create new conflicts of interests for yourself.
- Don't assist or represent others for pay before your board.

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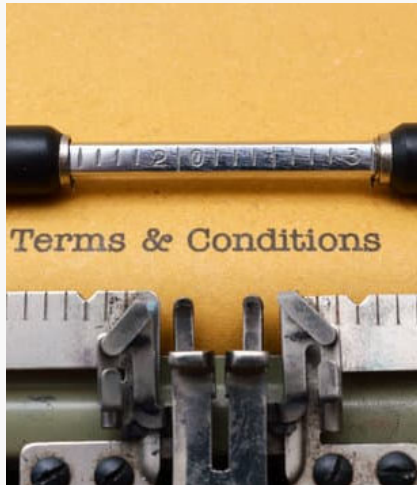
Let's summarize what you must do to avoid conflicts of interests under the State Ethics Code.

- First, disqualify yourself when you have a conflict of interest. In other words, don't take official action affecting any business in which you have a financial interest. Remember that your financial interests also include the interests of your spouse, civil union partner, and dependent children. And remember that the conflicts law may apply differently if you were appointed to represent a particular profession or special interest on your board, so contact the State Ethics Commission for advice about your situation.
- Second, don't create new conflicts of interests for yourself. For example, don't accept an outside job with a company if you take official action as a board member affecting that company.
- And third, don't engage in influence peddling – in other words, don't assist or represent others for pay in transactions before your state board.

This concludes our discussion of Conflicts of Interests under the State Ethics Code.

State Contracts

HRS § 84-15(a)



Public notice required before awarding non-bid contract over \$10,000 to a state board member or board member's business.

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The State Ethics Code's Contracts laws promote transparency and fairness in the award of state contracts. State agencies must comply with these ethics laws, in addition to the Hawai'i Public Procurement Code or other procurement laws.

There are two Contracts laws in the State Ethics Code. Board members who may be seeking state contracts for themselves or their businesses should be aware of these laws.

The first law requires a state agency to post a public notice before entering into a non-bid contract over \$10,000 with a state official, including a state board member or a business in which a board member has a controlling interest. A copy of the public notice must be filed with the State Ethics Commission at least 10 days before the contract is awarded.

State Contracts

HRS § 84-15(b)



A state agency must not enter into a contract with any business that is assisted in the matter by someone who:

- (1) Was an employee or board member of the agency within the past 2 years, and
- (2) Worked on the same contract matter as an employee or board member.

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The second Contracts law prohibits a state agency from entering into a contract with any business that is assisted in the matter by someone who:

- 1) Was an employee or board member of the agency within the past 2 years, and
- 2) Worked or participated in the same contract matter as an employee or board member.

The purpose of this law is to prevent employees and board members who have participated in state contract matters from later giving unfair assistance to businesses applying for those contracts.

If you are a state board member and also have a private business that may be applying for state contracts, contact the State Ethics Commission for guidance as to how the Ethics Code's Contracts laws may affect you.

This concludes our discussion of State Contracts under the State Ethics Code.

Post-Employment Restrictions

HRS §§ 84-18, 84-15(b)



HRS § 84-18(a)
Don't disclose confidential information.

HRS § 84-18(c)
For 12 months, don't represent others before your former board or on matters you worked on as a state board member.

HRS § 84-15(b)
For 2 years, don't assist others in obtaining contracts from your former board if you worked on the same contract matters as a state board member.


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Is your term on your state board or commission ending soon? If so, you should be aware of the State Ethics Code's post-employment restrictions for state officials.


These restrictions will apply to you after your term on a state board or commission ends. The purpose of these restrictions is to prevent board members who leave state service from immediately returning to use their influence in government to unfairly benefit themselves or others.

There are three post-employment restrictions.

- First, don't disclose any confidential information that you acquired from your state service or use the information for anyone's benefit.
- Second, for 12 months after you leave state service, don't represent others for pay on matters before your former state board, or on matters that you worked on as a state board member.
- And third, for two years after you leave state service, don't assist anyone in obtaining a contract from your former state board if you participated in the same contract matter while you were a board member.

 Quiz

Dee Ann, a member of a Governing Board, works at a private landscaping company. She just left the Governing Board a few weeks ago, and the Governing Board needs to hire landscapers to maintain the school property. Can Dee Ann make a presentation to the Governing Board, offering her company's services?



☐ Yes, Dee Ann can do this as long as she does not ask the Board for any preferential treatment.

☐ No, because Dee Ann cannot represent her company on any matter before her Board for one year.

☐ Yes, because Dee Ann is no longer a member of the Board.


☐ No, unless Dee Ann's company gives the Board a discount.

Let's go back to Governing Board member Dee Ann, who has now left her position on the Board, to see how the law applies.


Read the question and select the correct answer.

Quiz


Click the **Quiz** button to edit this object

 Quiz


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☒ No, because Dee Ann cannot represent her company on any matter before her Board for one year.

☐ Yes, because Dee Ann is no longer a member of the Board.

☐ No, unless Dee Ann's company gives the Board a discount.

For 12 months after leaving her position as a Governing Board member, Dee Ann is prohibited by the Post-Employment law from representing anyone for pay on matters before her former board. Therefore, Dee Ann cannot represent her landscaping company before the Governing Board to discuss the landscaping contract.

Post-Employment Restrictions Exceptions:

- ▶ Served on state board less than 6 months (confidentiality rule, however, applies to all former board members/employees regardless of length of service)
- ▶ Contract to act on behalf of the State



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There are two exceptions to the post-employment restrictions:

- First, if you served on a state board for less than 6 months, the post-employment restrictions do not apply to you. However, you are prohibited from disclosing any confidential information you obtained as a board member regardless of your length of service.
- Second, anytime after your service as a board member ends, a state agency may contract with you to act on a matter on behalf of the State.

For more information about the post-employment restrictions of the State Ethics Code,

visit our website and see the State Ethics Commission's "Quick Guide on Post-Employment Laws."

This concludes our discussion of Post-Employment Restrictions under the State Ethics Code.

Penalties for Ethics Violations



- ➡ Fines up to \$1,000 per violation
- ➡ Disciplinary action
- ➡ State can recover illegal gifts or profits
- ➡ State can cancel contracts, licenses, or permits

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The ethics laws that we have covered in this program apply to all state board and commission members. The penalties for violating these laws include fines of up to \$1,000 per violation and disciplinary action by the State.

In addition, the State may recover any illegal gifts or profits, and may cancel any state contracts or permits that result from an ethics violation.


Remember that to maintain the public's trust, all of us in state government must uphold the standards of ethical conduct required by the State Ethics Code.

Contact us!

Email:
ethics@hawaiiethics.org

Phone:
(808) 587-0460

Website:
www.ethics.hawaii.gov

Twitter:
[@HawaiiEthics](https://twitter.com/HawaiiEthics)

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Do you have a question or concern about ethics? The State Ethics Commission is always available to assist you. Don't hesitate to contact the Commission's office for guidance. Here is our contact information.

Please also visit the State Ethics Commission's website to obtain more information about the State Ethics Code and to review our ethics publications, including our *Ethics Handbook for State Board and Commission Members*, our "Quick Guides" to the Ethics Code, and our newsletter, *The High Road*.



Mahalo for taking the time to learn about the State Ethics Code!

For instructions on how obtain a Certificate of Completion for this training, please click the hyperlink on your screen.