

Policy II.2002.C, Conflicts of Interests: Trustees

Purpose

This Policy establishes standards for Board of Trustees conduct regarding conflicts of interest, required disclosures, gifts, substantial interests, and vendor relations, in compliance with Texas Education Code Section 51.923 (Institutions of Higher Education), Texas Local Government Code Chapters 171 and 176 (Local Government Officials), and federal grant regulations.

Policy

This policy is to ensure that all actions and decisions made by college trustees are conducted with integrity, in the best interest of the institution, and in full compliance with laws and regulations, which govern conflicts of interest for trustee members. This policy statement sets forth the general conflict of interest principles and standards that will apply to all trustees of San Jacinto College. In the event of a conflict between this policy and any existing policy or procedure, this policy will take precedence.

I. Conflicts of Interest

A. Texas Education Code (TEC) §51.923 – Conflicts Requiring Disclosure and Abstention

TEC §51.923 outlines when a member of the governing board of an institution of higher education is required to disclose, in an open meeting, a “substantial interest” in a business entity and refrain from voting on a contract or transaction requiring board approval.

Definitions: The following definitions apply for purposes of TEC §51.923 only:

- **Substantial Interest:** A trustee or a first-degree relative has a substantial interest in a business as defined by TEC §51.923 if the trustee:
 1. Owns 1% or more of voting stock/shares, or 1% or \$15,000 of its fair market value;
 2. Funds received by the trustee from the business entity exceeds 1% of their gross income for the previous year; or
 3. The trustee is an officer of the business entity or a member of the governing board of the business entity.
- **Business Entity:** Any person or entity entering into a contract or other transaction with the College.
- **First-Degree Relative:** A person related to the trustee within the first degree of consanguinity or affinity, including a parent or child of the trustee by blood, adoption

or marriage, or of the trustee's spouse by blood, adoption or marriage (stepchildren, stepparents, and in-laws).

In accordance with TEC §51.923(d), a trustee with a substantial interest in a business entity shall:

1. Disclose that interest in the open meeting at which the contract or transaction with the business entity is being considered; and
2. Abstain from discussion, voting, or influencing the decision.

The above procedures are not required if the College is considering a contract or other transaction with a nonprofit corporation, even though a trustee also serves as a member, director, officer, or employee of the nonprofit corporation.

B. Texas Local Government Code (LGC) Chapter 171 – Conflicts Requiring Affidavit and Abstention

LGC Chapter 171 outlines when a trustee of a local governmental entity, such as a community college, must complete a notarized affidavit and refrain from participating in deliberation or voting on a matter involving a business entity in which the trustee has a “substantial interest.”

Definitions: The following definitions apply for purposes of LGC Chapter 171 only:

- **Substantial Interest:** A trustee or a first-degree relative has a substantial interest in a business entity if they:
 1. Own 10% or more of voting stock/shares, or 10% or \$15,000 of the business entity's fair market value;
 2. Receive more than 10% of their gross income from the business entity; or
 3. Have a legal or equitable interest in real property with a market value of \$2,500 or more.
- **Business Entity:** Any person or entity seeking to do business with or engage in a transaction with the College, where action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public.
- **First-Degree Relative:** A person related to the trustee within the first degree of consanguinity or affinity, including a parent or child of the trustee by blood, adoption or marriage, or of the trustee's spouse by blood, adoption or marriage (including stepchildren, stepparents, and in-laws).

In accordance with LGC Chapter 171, a trustee with a substantial interest in a matter before the Board shall:

1. File a notarized affidavit stating the nature and extent of the substantial interest prior to any deliberation or vote; and
2. Abstain from discussion, voting, or influencing the decision.

The Board shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a trustee has a substantial interest, with the trustee with a substantial interest abstaining from such vote. Once the separate budget item is resolved, the trustee may participate in a vote on the final budget.

Note: A “substantial interest” as defined under TEC §51.923 may not constitute a “substantial interest” as defined under LGC Chapter 171. A trustee may therefore be required to disclose and recuse under TEC §51.923 even though the same interest does not independently trigger the substantial interest affidavit requirements of LGC Chapter 171.

C. Texas Local Government Code (LGC) Chapter 176 – Conflicts Requiring Public Disclosure

LGC Chapter 176 governs whether a trustee must publicly disclose certain income or gifts received from a vendor or potential vendor, as well as family relationships with a vendor or potential vendor. The requirements under Chapter 176 are in addition to any other disclosure or abstention requirements under other laws, as set forth elsewhere in this policy.

Definitions: The following definitions apply for purposes of LGC Chapter 176 only:

- **Vendor:** A person who enters or seeks to enter into a contract with the College, including an employee or agent of a vendor.
- **Family Member:** A person related to the trustee within the first degree of consanguinity or affinity, including a parent or child of the trustee by blood, adoption or marriage, or of the trustee’s spouse by blood, adoption or marriage (stepchildren, stepparents, and in-laws).
- **Family Relationship:** A person related to the trustee within the third degree by consanguinity (blood or adoption) or the second degree by affinity (marriage). This includes a trustee’s spouse; parents and children (including steps and in-laws); siblings (including steps and in-laws); grandparents and grandchildren (including steps and in-laws); great-grandparents and great-grandchildren; aunts/uncles; and nieces/nephews.

Pursuant to LGC Chapter 176, a trustee must file a *Local Government Officer Conflicts Disclosure Statement* in the form promulgated by the Texas Ethics Commission (Form CIS) if:

- a. The trustee or a family member receives taxable income, excluding investment income, from a vendor that exceeds \$2,500 during the 12-month period preceding the date the trustee becomes aware of the contract or the date of consideration of the proposed contract.
- b. The trustee or a family member receives gifts with a value that exceeds \$100 in the aggregate from a vendor during the 12-month period preceding the date the trustee becomes aware of the contract or the date of consideration of the proposed contract. The term gift excludes political contributions or food as a guest of the vendor.
- c. The trustee has a family relationship with a vendor, including an agent or employee of the vendor, regardless of the receipt of income or gifts.

Required disclosures must be filed with the College's Manager, Executive Operations for the Chancellor and Board of Trustees not later than 5:00 p.m. by the 7th business day following the date the trustee becomes aware of facts triggering disclosure, and the disclosure statement will be posted on the College's website in accordance with Chapter 176.

D. 2 Code of Federal Regulations (CFR) §200.318(c)(1) – Conflicts of Interest Requirements for Recipients and Subrecipients of Federal Grant Awards

A trustee may not participate in the selection, award, or administration of a contract supported by a federal award if the trustee has a real or apparent conflict of interest. Such a conflict of interest would arise when the trustee or any member of the trustee's immediate family, his/her partner, or an organization which employs or is about to employ any such persons, has a financial or other interest in or a tangible personal benefit from an entity considered for a federally funded contract.

Under federal regulations, trustees may neither solicit nor accept gratuities, favors, or anything of monetary value from federal contractors or parties to federally funded subcontracts. This prohibition would prohibit a trustee from directing fundraising solicitations or requests to contractors or subcontractors of the College paid with federally funded contract awards.

II. Enforcement

Violations of Conflict of Interest requirements set forth in this Policy may result in:

- Voiding of contracts;
- Removal from participation in related matters;
- Referral to the Texas Ethics Commission;
- Reimbursement of or future ineligibility from federal grants awards; and/or
- Criminal penalties.

III. Conflict of Interest Laws Summary Table

Law	Conflict of Interest	Relatives of Trustee Included (see Definitions)	Action or Form Required
Texas Education Code 51.923	Substantial interest in business entity: <ul style="list-style-type: none"> • 1% ownership or more of voting stock/shares; • ownership of 1% or \$15,000 of its fair market value; • more than 1% of their gross income from business entity; or • serving as officer or governing board member of the business entity 	First Degree Relatives	Disclose conflict in meeting and abstain
Texas Local Government Code Chapter 171	Substantial interest in business entity: <ul style="list-style-type: none"> • 10% ownership of voting stock/shares; • own 10% or \$15,000 of its fair market value; • more than 10% of their gross income from business entity; or • interest in real property worth \$2,500 or more 	First Degree Relatives	File substantial interest affidavit before meeting and abstain
Texas Local Government Code Chapter 176	Three types of conflicts: <ul style="list-style-type: none"> • Trustee or “Family Member” receives taxable income over \$2,500 in preceding 12-month period; • Trustee or “Family Member” receives gifts over \$100 in aggregate in preceding 12-month period; or • Trustee has “Family Relationship” with vendor (even if no income or gifts) 	“Family Member” for taxable income and gifts: First Degree Relatives “Family Relationship:” Relatives by blood/adoption up to the third degree and by marriage up to the second degree	Complete CIS form; post publicly on website
2 CFR §200.318(c)(1)	A financial or other interest in or a tangible personal benefit from an entity considered for a federally funded contract	Trustee or trustee’s immediate family; trustee’s partner	Participation in selection or award of federally funded contract is prohibited
2 CFR §200.318(c)(1)	Soliciting or accepting gratuities, favors, or anything of monetary value from federal contractors or parties to federally funded subcontracts	N/A	Trustee shall neither accept nor solicit

Attachments

LCG Chapter 171, *Substantial Interest Affidavit*

LGC Chapter 176, *Local Government Officer Conflicts Disclosure Statement (CIS Form)*

<https://www.ethics.state.tx.us/data/forms/conflict/CIS.pdf>

Associated Procedures

None

Date of Board Approval	This policy is effective as of May 5, 2026, under the Chancellor’s authority granted by the Board under Policy II.2000.A, Policy and Procedure Development, Review, Revision, and Rescission. Permanent affirmation of the change will follow the standard policy review process at the next regularly scheduled meetings of the Board. (First reading on May 4, 2026, second reading anticipated June 1, 2026)
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Primary Owner	Chancellor
Secondary Owner	Manager, Executive Operations for the Chancellor and Board of Trustees
