

BILL ANALYSIS

C.S.H.B. 3372
By: Metcalf
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that some Texas school administrators have used their public positions to profit from private educational consulting contracts while directing district contracts to those same entities and that such conflicts of interest have often occurred without proper disclosure, raising serious concerns about ethics and the misuse of taxpayer funds. C.S.H.B. 3372 seeks to prevent these conflicts of interest by prohibiting public school district administrators from receiving payment for personal services from businesses that contract with their district, educational service providers, or certain other education entities. The bill establishes a \$10,000 civil penalty for each violation.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3372 repeals Education Code provisions that do the following:

- prohibit the superintendent of a public school district from receiving any financial benefit for personal services performed by the superintendent for any business entity that conducts or solicits business with the district; and
- require any financial benefit received by a superintendent for performing personal services for any other entity, including a district, open-enrollment charter school, regional education service center, or public or private institution of higher education, to be approved by the district's board of trustees on a case-by-case basis in an open meeting.

However, the bill amends the Education Code to prohibit, without condition, an administrator from performing personal services or receiving any financial benefit for the performance of personal services for the following entities:

- any business entity that conducts or solicits business with the district that employs the administrator;
- an education business that provides services regarding the curriculum or administration of any district; or
- another district, charter school, or regional education service center.

The bill makes an administrator who violates the prohibition liable to the state for a civil penalty in the amount of \$10,000 for each violation. For these purposes, an administrator is a person who has significant administrative duties relating to the operation of a district, including the operation of a campus, program, or other subdivision of the district, but not including a district

employee whose employment contract responsibilities primarily include the in-classroom instruction of students.

C.S.H.B. 3372 repeals Section 11.201(e), Education Code.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3372 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The introduced prohibited an administrator from performing personal services or receiving any financial benefit for the performance of personal services for a public or private institution of higher education, whereas the substitute does not.