

1. Title

Policy on Service on Outside Boards

2. Policy

Sec. 1 Primary Responsibility. The primary responsibility of executive officers of The University of Texas System and presidents of U. T. System institutions is the accomplishment of the duties and responsibilities of their respective positions. In evaluating whether to accept a position on an outside board, an individual should first assure that the position would not create a conflict of interest and that fulfillment of the responsibilities of the position would not impose an unreasonable time requirement.

Sec. 2 Value in Outside Service. It is recognized that the Chancellor and other executive officers of U. T. System and the presidents of U. T. System institutions, as well as other employees, administrators, faculty, and staff of U. T. System and institutions, may be asked to serve on the boards, councils, or other governing or advisory bodies of various business, civic, professional, social, and religious organizations, both for profit and nonprofit, and in compensated and noncompensated positions. That service is generally deemed to be in the best interest of U. T. System and institutions because it broadens the experience of the individuals involved and exposes U. T. System and institutions to a larger audience of business, civic, professional, social, and religious leaders.

Sec. 3 Required Approval. Before accepting a position on an outside board, the person wishing to accept the position shall first advise the Vice Chancellor and General Counsel to evaluate any potential conflict of interest and then shall obtain the approval of the appropriate authority (see Section 3.3). The approving authority may not unreasonably withhold approval.

3.1 Nonelective Offices. Before a nonelective State officer may hold another nonelective office under the State of Texas or the United States, the nonelective State officer must obtain a finding by the Board of Regents that the additional office is of benefit to the State of Texas or is required by State or federal law, and that there is no conflict with the nonelective State officer's original office.

3.2 External Entities Benefiting U. T. System. This policy is also subject to Board of Regents' *Rules and Regulations*, Rule 60306, Use of University Resources, relating to service on the

board of an external nonprofit corporation or an external entity that has as its primary objective the provision of funds or services for the furtherance of the purposes and duties of U. T. System or institutions.

3.3 Approving Authority.

(a) Chancellor - Chairman, Board of Regents

(b) Executive Vice Chancellors and Vice Chancellors -
Chancellor

(c) U. T. System Institution Presidents - Executive Vice
Chancellor for Academic Affairs or Executive Vice
Chancellor for Health Affairs, as appropriate

(d) General Counsel to the Board of Regents - Chairman, Board
of Regents

Sec. 4 Risks of Liability. U. T. System executive officers and presidents of U. T. System institutions should be aware of the potential risk of liability associated with outside board service and should evaluate those risks and the need for appropriate insurance and indemnification. Those persons should also be aware that statutory limitations on liability of State officials and employees may not apply and that indemnification by U. T. System and insurance coverage provided by U. T. System may not apply or may be severely limited.

Sec. 5 Accounting for Outside Board Service.

5.1 Uncompensated Board Service. Recognizing the benefit to be derived by U. T. System and institutions from outside board service, and after thorough consideration of the time commitment that might be involved, time spent on uncompensated service on nonreligious boards, other than for reimbursement of usual and customary expenses, shall be deemed to be of service to the U. T. System and need not require the use of a person's own time.

5.2 Compensated Board Service and Service to a Religious Organization. Service on an outside board for which a U. T. System executive officer or president of a U. T. System institution is compensated, and any service to a religious organization whether or not compensated, must be on the person's own time. If the service occurs during normal office hours, the person must use vacation time, compensatory time,

or other appropriate leave while providing the service. The service should be without cost to U. T. System or its institutions.

Sec. 6 Reporting.

- 6.1 Report to the Chancellor. In addition to any report required by the Texas Ethics Commission, any U. T. System executive officer or president of a U. T. System institution who serves on any outside board shall file a report with the Office of the Chancellor in September of each year. On the report, the person must list each outside board on which the person serves and must include the following information for each outside board:
- (a) the number of hours normally required by the service, either monthly, quarterly or annually;
 - (b) whether the service is compensated or not compensated; and
 - (c) whether the service is protected by one or more liability insurance policies of directors and officers, and whether that insurance coverage provides for general indemnification or only costs of defense.
- 6.2 Required Supplemental Reports. A person required to file a report under this section must file a supplemental report if the person joins an outside board after filing the annual report. The report must be filed not later than the 30th day after joining the additional outside board.
- 6.3 Time Requirements. A nonfaculty person required to file a report under this section must include the time requirements associated with any teaching commitments.

Sec. 7 Exceptions.

- 7.1 Extension of Professional Position. It is anticipated that executive officers of U. T. System and presidents of U. T. System institutions will be asked to serve on particular outside boards because of their University related areas of expertise or the offices or positions they hold. This service is of particular value to U. T. System and its institutions and is actively encouraged because of the recognition it provides to U. T. System and institutions, and the additional information, exposure, understanding, and insight the person will receive.

This service is deemed to be service to U. T. System or the U. T. System institution and need not require the use of a person's own time. This service is excluded from all portions of this policy other than the conflict of interest provisions and reporting requirements.

7.2 Personal. This policy does not apply to service on the board of a municipality; local religious congregation; neighborhood association; local, private or parochial school; youth sports or recreation league; affinity group such as the local orchid society or model train collectors club; and other similar outside boards on which the service is primarily personal rather than professional in nature and does not require time away from University responsibilities.

7.3 Family-Owned Businesses. This policy does not apply to service on the board of a family-owned business in instances in which the service is incidental and does not require time away from University responsibilities.

Sec. 8 Other U. T. System Employees. Other employees of U. T. System are governed by this policy. The employee's direct supervisor must approve the service.

Sec. 9 Employees of U. T. System Institutions. Each U. T. System institution shall include in its *Handbook of Operating Procedures* similar standards and rules for the institution's administrators below the rank of president and for the institution's faculty and staff.

3. Definitions

Outside Board - In the policy, "outside board" means the board, council, or other governing or advisory body of a business, civic, professional, social, or religious organization, whether for profit or nonprofit and whether compensated or noncompensated.

4. Relevant Federal and State Statutes

[Chapter 574](#), *Texas Government Code*

[Article 16, Section 40](#), Texas Constitution

5. Relevant System Policies, Procedures, and Forms

Board of Regents' *Rules and Regulations*, [Rule 30103](#), Standards of Conduct

Board of Regents' *Rules and Regulations*, [Rule 30104](#), Conflict of Interest

Board of Regent's *Rules and Regulations*, [Rule 60306](#), Use of University Resources

The Office of the Chancellor administers a database of the reported service on outside boards of the Chancellor, executive officers, and presidents of the institutions. A blank report form may be requested by contacting the Office of the Chancellor.

6. Who Should Know

Executive Officers of U. T System Administration
Presidents

7. System Administration Office(s) Responsible for Policy

Chancellor's Office

8. Dates Approved or Amended

October 18, 2002
Amended February 15, 2010
Amended April 26, 2011

9. Contact Information

Questions or comments about this policy should be directed to:

- bor@utsystem.edu