

1. Title

Nepotism

2. Policy

Sec. 1 Purpose. The purpose of this policy is to provide guidance in the assignment of--and the awarding of contracts to--relatives of employees, in accordance with The University of Texas Board of Regents' *Rules and Regulations*, Rule 30106.

Sec. 2 Relatives of Members of the Board of Regents. Employment of certain relatives of a member of the Board of Regents in any capacity is prohibited by the Board of Regents' *Rules and Regulations* and State law.

Sec. 3 Statutory Requirement. *Texas Government Code* Chapter 573 prohibits public officials from appointing any individual to a position that is to be directly or indirectly compensated from public funds or fees of office if the individual is related to the public official within the second degree by affinity or within the third degree by consanguinity.

Sec. 4 Relatives of Employees. Relatives of existing employees of the U. T. System within the degree specified in Section 3 may be hired but neither relative may supervise the other nor be involved in any way with the appointment, salary, or promotion of the other. The Office of Employee Services must ensure that personnel transactions are in compliance with the Board of Regents' *Rules and Regulations* and assist with reporting of any exceptions annually via the institutional consent agenda or the annual operating budget.

Sec. 5 U. T. System Administration Requirement. Even though the appointment of a person would not be prohibited by the *Texas Government Code*, no employee of the U. T. System Administration may approve, recommend, or otherwise act with regard to the appointment, reappointment, promotion, or salary of any person related to such employee within the degree specified in Section 3 of this policy regardless of the source of funds for the payment of salary. This provision also includes individuals hired as private contractors.

5.1 Supervision. If the appointment, reappointment, or promotion of a person places him or her under an administrative supervisor related within the degree specified by Section 3 of this policy, all subsequent actions with regard to the evaluation, reappointment, promotion, or salary shall be the responsibility of the next highest supervisor.

- 5.2 Promotion. If the appointment, reappointment, or promotion of a person places him or her in an administrative or supervisory position with responsibility to approve, recommend, or otherwise act with regard to reappointment, promotion, or salary of a person who is related to him or her within the degree specified in Section 3 of this policy, all subsequent actions regarding the evaluation, reappointment, promotion, or salary of such person shall be made by the next highest supervisor.
- 5.3 Marriage. The provision of Section 5.1 of this policy shall apply to situations where two employees marry and one spouse is the supervisor of the other.
- Sec. 6 Private Contractors. The State of Texas Attorney General has issued an opinion letter indicating that nepotism law also applies to individuals hired as private contractors.
- Sec. 7 Disclosure Required for Purchasing Personnel.
- 7.1 State agency purchasing personnel must disclose certain family relationships with business entities receiving certain State agency contracts. Before a State agency may award a major contract for the purchase of goods or services to a business entity, each of the State agency's purchasing personnel working on the contract must disclose in writing to the administrative head of the State agency any relationship the purchasing personnel is aware about that the employee has with an employee, a partner, a major stockholder, a paid consultant with a contract with the business entity the value of which exceeds \$25,000, or other owner of the business entity that is within a degree described by *Texas Government Code* Section 573.002.
- 7.2 The form for use by purchasing personnel of a State agency to disclose information regarding certain relationships with, and direct or indirect pecuniary interests in any party to a major contract with the State agency prior to the award of a major contract, was developed by the State Auditor and can be found on the State Auditor's website at <http://www.sao.state.tx.us/resources/forms/NepotismDisclosureForm.pdf>
- 7.3 Section 7 applies only to a contract awarded or extended on or after September 1, 2005.

3. Definitions

Affinity - relationship by marriage. Two individuals are related to each other by affinity if (a) they are married to each other; or (b) the spouse of one of the individuals is related by consanguinity to the other individual. The ending of a marriage by divorce or the death of a spouse ends relationships by affinity created by that marriage unless a child of that marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives.

Consanguinity - relationship by blood or origin. Two individuals are related to each other by consanguinity if one is a descendant of the other or they share a common ancestor. An adopted child is considered to be a child of the adoptive parent for this purpose. The degree of relationship by consanguinity between an individual and the individual's descendant is determined by the number of generations that separate them. A parent and child are related in the first degree, a grandparent and grandchild in the second degree, a great-grandparent and great-grandchild in the third degree, and so on.

Major Stockholder - person who directly or indirectly owns or controls more than a 10% interest or a pecuniary interest with a value exceeding \$25,000 in a business entity.

Public Official -

1. an officer of this State or of a district, county, municipality, precinct, school district, or other political subdivision of this State;
2. an officer or member of a board of this State or of a district, county, municipality, school district, or other political subdivision of this State; or
3. a judge of a court created by or under the statute of this State.

Purchasing Personnel - employee of a State agency who makes decisions on behalf of the State agency or recommendations regarding (a) contract terms or conditions on a major contract; (b) who is to be awarded a major contract; (c) preparation of a solicitation for a major contract; or (d) evaluation of a bid or proposal.

4. Relevant Federal and State Statutes

[Opinion, State of Texas Attorney General, No. DM-76 \(1992\)](#)

[Texas Government Code Section 573.002, Degrees of Relationship](#)

[Texas Government Code Chapter 2263, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers](#)

[Texas Education Code Section 61.003, Texas Higher Education Coordinating Board, Definitions](#)

5. Relevant System Policies, Procedures, and Forms

[The University of Texas System Board of Regents' *Rules and Regulations*, Rule 30106, Nepotism](#)

[Disclosure Form for Purchasing Personnel](#)

6. System Administration Office(s) Responsible for Policy

Office of Employee Services

7. Dates Approved or Amended

February 1, 2006

July 22, 2009

August 16, 2011