

1. Title

Conflicts of Interest, Conflicts of Commitment, and Outside Activities

2. Policy

Sec. 1 Applicability. This policy applies to all U. T. System employees.

Sec. 2 Purpose. This policy is intended to protect the credibility and reputation of the U. T. System and its employees by providing a transparent system of disclosure, approval, and documentation of employee activities outside U. T. that might otherwise raise concerns about conflicts of interest or conflicts of commitment. The policy also serves the purpose of ensuring compliance with State ethics laws and Regents' Rules. Finally, the policy is intended to provide the framework for rules and procedures that will clearly delineate permissible outside activities.

Sec. 3 Primary Responsibility. The primary responsibility of employees of U. T. System is the accomplishment of the duties and responsibilities assigned to one's position of appointment.

Sec. 4 Outside Activities. Regents' Rule 30104 permits U. T. employees to engage in outside work or activity, so long as the work or activity complies with the requirements of the Rule and does not violate State laws or U. T. System rules or policies governing the conduct of employees, including ethics standards and provisions prohibiting conflicts of interest, conflicts of commitment, and the use of State resources.

Sec. 5 Conflicts of Interest and Conflicts of Commitment Prohibited.

5.1 U. T. System employees may not have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the employees' duties for U. T. System.

5.2 Activities on behalf of outside entities or individuals must not interfere with a U. T. System employee's fulfillment of his/her duties and responsibilities to System Administration. Such conflicts of commitment may arise regardless of the location of these activities (on or off site), the type of outside entity (individual, for-profit, not-for-profit, or government), or the level of compensation (compensated or non-compensated).

5.3 Gifts.

- (a) There are two standards under Texas law governing gifts:
 - (i) a general standard of conduct that applies to all employees; and
 - (ii) a criminal standard that applies only to those persons who make recommendations or decisions about contracts and other financial transactions.
- (b) Under the general standard, you should not accept or solicit any gift, favor, or service that might reasonably tend to influence you in the discharge of official duties or that you know or should know is being offered with the intent to influence official conduct. This standard applies even though the donor is not asking you to do something in exchange for the gift. A gift is anything of value, and includes tickets to entertainment or sporting events, expenses for a trip, and food. Acceptance or solicitation of a gift in violation of this standard is not a criminal offense, but is grounds for discipline, including termination.
- (c) Criminal penalties may apply to persons who make recommendations or decisions about U. T. System's financial transactions. If those are your job duties, you may not accept a gift from an individual or entity that is interested in or likely to become interested in that transaction, with limited exceptions. Under those exceptions, it is not a criminal offense to accept the following type of gift if the gift is not given in exchange for your official action (it is never lawful to accept a gift in exchange for official action):
 - (i) non-cash items worth less than \$50;
 - (ii) a gift from a person such as a relative, friend, or business associate with whom you have a relationship independent of your official status, if the gift is given on account of that relationship rather than your official status; and

- (iii) food, lodging, transportation, or entertainment in any amount if you accept them as a “guest,” which means the donor must be present.
- (d) Note that even though you may accept a gift described above without committing a crime, acceptance of the gift may still violate the general standard of conduct and constitute grounds for discipline.
- (e) Additional restrictions apply if the gift is from a student loan lender. The definition of “student loan lender” is very broad and covers entities that may not traditionally be thought of as student loan lenders. You should consult U. T. System’s Office of General Counsel to determine if the proposed gift from the student loan lender is permissible.
- (f) It is important to remember that even though the acceptance of a gift may not constitute a crime, it may appear to the public that a gift has influenced you in performing your job. You should not accept any gift that could appear to influence your official conduct, even if the gift is technically legal.

5.4 Honoraria.

You may not accept an honorarium for services you would not have been asked to provide but for your official status. For example, you may not accept a gift or payment for giving a speech if you would not have been asked to provide the speech but for your official position. However, you may accept meals, transportation, and lodging in connection with your services as long as the services are more than merely perfunctory or superficial. Also, you may accept a gift of very minimal value, such as a plaque or coffee cup.

5.5 Personal Investments.

- (a) You should not make personal investments that could reasonably be expected to create a substantial conflict between your private interest and the public interest. This means that you should not have a direct or indirect financial interest in a business that conflicts with U. T. System’s interests or that might influence how you do your job. Some financial interests may be so indirect or so minimal that they do not create conflicts of interest,

such as ownership of a minimal amount of stock in a company or an investment in a publicly traded mutual fund in which you do not exercise discretion regarding the investment of the assets of the fund. If you are not sure whether a particular investment creates a conflict of interest, you should ask your supervisor or consult with the Office of General Counsel.

- (b) If you do have an interest in a business that you think might constitute a conflict of interest, disclose that interest to your supervisor. In some cases, you may be able to cure the conflict by not participating in any decision concerning that business. However, if the conflict is significant, you may be required to divest yourself of the interest that causes the conflict.

5.6 Self-Dealing/Transactions with Employees.

- (a) You may not transact any business in an official capacity with any business entity of which you are an officer, agent, or member, or in which you own a substantial interest.
- (b) Additionally, before U. T. System may purchase any supplies, materials, services, equipment, or property from you, the Chancellor must approve the purchase, and the purchase may be made only if the cost is less than from any other known source.

5.7 Benefits for Performing Official Duties. You should not intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised your official powers or for having performed your official duties in favor of another. If the benefit was given in exchange for an official act, it could constitute the criminal offense of bribery.

Sec. 6 Disclosure and Approval

6.1 Approval Requirements. This policy does not amend or supersede INT 129 related to seeking approval for outside employment.

- (a) Approval requirements shall apply, to all employees.
- (b) Approval is required prior to engaging in the following activities, except as noted at (c), below, for:

- (i) all outside employment or other compensated activities;
 - (ii) all service on outside boards (see Sec. 7.3, below, for details, including exclusions); and
 - (iii) any uncompensated activity that reasonably appears to create a conflict of interest or conflict of commitment.
- (c) Pre-Approved Activities. The following activities are “pre-approved,” such that approval need not be obtained prior to engagement in the activity, so long as such activities do not constitute outside employment: serving on a federal, state, or local government agency committee, panel, or commission; acting in an editorial capacity for a professional journal; reviewing journal manuscripts, book manuscripts, or grant or contract proposals; attending and presenting talks at scholarly colloquia and conferences; developing scholarly communications in the form of books or journal articles, reviews, movies, television productions, and similar works, even when such activities result in financial gain, consistent with intellectual property and other applicable U. T. System and institution policies and guidelines.

6.2 Information Required to be Disclosed.

- (a) Full-Time Employees. Full-time administrative and professional staff are required to disclose¹:
- (i) a description of the nature and extent of all outside employment or other compensated activity;
 - (ii) a description of the nature and extent of any outside activity, regardless of compensation, that reasonably appears to create a conflict of interest or a conflict of commitment;
 - (iii) the range of total annual compensation received for any compensated activity, or total annual compensation from a single entity, if it is greater than \$5,000 and the activity reasonably appears to

¹ When in doubt in determining whether an activity or interest should be disclosed, the individual should resolve the doubt in favor of disclosure.

- create a conflict of interest or a conflict of commitment; a description of the nature and extent of outside board service, regardless of compensation, (see Sec. 7.3, below, for details, including exclusions);
- (iv) a description, including the range of compensation or interest, of any substantial interest in a business entity (as defined in Sec. 16, below) that reasonably appears to create a conflict of interest, which should be provided no later than 30 days after acquiring the interest;
 - (v) a description of gifts over \$250 to the individual or his or her immediate family members, but only if they reasonably appear to create a conflict of interest, which should be provided no later than 30 days after acquiring the gift. Do not include gifts received from: one's parent, child, sibling, grandparent, or grandchild; one's spouse or the spouse of anyone mentioned above; or the parent, child, sibling, grandparent, or grandchild of one's spouse; and
 - (vi) a description of the nature and extent of any activity of immediate family members that reasonably appears to create a conflict of interest and a description of any substantial interest of immediate family members in a business entity (as defined in Sec. 16, below) that reasonably appears to create a conflict of interest, which should be provided no later than 30 days after acquiring the interest.
 - (vii) outside activity disclosed under UTS 175, regarding research conflicts of interest, need not be re-disclosed.
- (b) Part-Time Employees. Part-time members of the administrative and professional staff are required to disclose the nature and extent (but not compensation range) of any outside activity and any substantial interest in a business entity (as defined in Sec. 16, below) that reasonably appears to create a conflict of interest. Part-time employees are not required by this policy to disclose for family members.

Sec. 7 Guidelines for reviewing and approving requests to engage in outside activity.

7.1 Approval Authorities. The Chancellor has appointed the following individuals as the approval authorities under this policy:

- (a) For the Chancellor: the Board of Regents
- (b) For Executive Vice Chancellors: the Chancellor
- (c) For Vice Chancellors: their supervisor
- (d) For all other employees: their supervisor.

7.2 Categories of Outside Activity.

(a) Some activity is so integral to the mission of U. T. System that it is encouraged and may be performed during normal operating hours and may be considered pre-approved, so long as the activity does not reasonably appear to create a conflict of interest and the amount of time committed does not interfere with employee's U. T. System duties and responsibilities. These activities include the following:

- Serving on a federal, state, or local government agency committee, panel, or commission.
- Acting in an editorial capacity for a professional journal.
- Reviewing journal manuscripts, book manuscripts, or grant or contract proposals.
- Attending and presenting talks at scholarly colloquia and conferences.
- Developing scholarly communications in the form of books or journal articles, movies, television productions, and similar works, even when such activities result in financial gain, consistent with intellectual property and other applicable U. T. System and institution policies and guidelines.
- Serving as a committee member, an officer, or a board member of a professional or scholarly society.

- (b) A category of outside activity that, when disclosed and approved, is permitted, can be encouraged, and may be performed during normal operating hours includes:

Engaging in professional activity such as providing expert testimony, providing consulting services, professional/clinical practice, and serving on a board of directors, but only when such activity clearly contributes to the mission of U. T. System or provides important elements of professional development related to the employee's U. T. System duties and responsibilities, and the activity does not reasonably appear to create a conflict of interest and does not interfere with the employee's U. T. System duties and responsibilities.

- (c) U. T. System employees may also engage in activity that does not necessarily contribute to the mission of U. T. System or provide elements of professional development related to their U. T. System duties and responsibilities, so long as it does not reasonably appear to create a conflict of interest or a conflict of commitment with the employee's U. T. System duties and responsibilities. Any such activity must take place only outside of normal operating hours, without use of U. T. System resources, and is disclosed and approved as required by this policy.

7.3 Accounting for Outside Board Service.

- (a) Uncompensated Outside Board Service of Direct Benefit to U. T. Regents' Rule 30104 recognizes the benefit to be derived by U. T. System from outside board service. After thorough consideration of the time commitment, certain service on outside boards may be deemed to be of sufficient benefit to U. T. System that certain service may be performed during normal operating hours. The service:
 - (i) must be service on a nonreligious board;
 - (ii) must be uncompensated (other than for reimbursement of usual and customary expenses);
 - (iii) requires prior approval; and
 - (iv) requires disclosure.

- (b) Compensated Board Service or Service to a Religious Organization. Service on an outside board for which the employee is compensated and any service to a religious organization, whether or not compensated, must be on the individual's own time.
 - (i) If the service occurs during normal office hours, the individual must use vacation time, compensatory time, or other appropriate leave or approved arrangements while providing the service.
 - (ii) The service must be without cost to U. T. System or its institutions.
 - (iii) Service to a local religious congregation that is primarily personal does not require prior approval and does not need to be disclosed, regardless of compensation. Service on the board of a religious organization that provides services that the employee's U. T. institution provides, such as a religious hospital or academic institution, requires prior approval and must be disclosed.
 - (iv) Compensated service on a nonreligious board requires prior approval and must be disclosed, except as noted at (c), below.

- (c) Board Service or Activity that is Personal. Participation (regardless of compensation) on outside boards or activity in which the service is primarily personal rather than professional in nature and is done on one's own time is permitted without the requirement of approval or disclosure if it does not create a conflict of interest or conflict of commitment or the appearance of a conflict of interest or conflict of commitment. Examples include boards of the following nature - a municipality; local religious congregation; neighborhood association; public, private or parochial school; political organization; social advocacy organization; youth sports or recreation league; affinity group such as the local orchid society or model train collectors club; and other similar outside boards.

7.4 Management Plans. Management plans must be in place for all administrative and professional staff for outside activities that may create a conflict of interest or a conflict of commitment before activity begins.

When an activity of an employee that may create a conflict of interest or conflict of commitment is brought to the attention of a supervisor, that supervisor shall be responsible for referring such activity to the Office of General Counsel for a conflict review and determination. Depending upon the nature and extent of the possible conflict, the Office of General Counsel may refer the matter to a committee for further evaluation and determination.

Management plans will be developed by the employee and their supervisor in conjunction with the Systemwide Compliance Office and approved by the Office of General Counsel. If the employee at issue is a member of either Systemwide Compliance or the Office of General Counsel, the conflicted department will delegate its decision-making responsibilities related to management plans to another appropriate department or committee.

Sec. 8 Appeals. Individuals whose request for approval of outside activity is denied may request that the denying authority reconsider the decision and provide an explanation of the decision in writing. If the individual remains unsatisfied with the decision, he or she may access standard grievance procedures to the extent that they are otherwise applicable.

Sec. 9 Prospective and Retrospective Approval. In rare instance, outside activity may be approved retrospectively when the individual is called upon to assist in an emergency or urgent situation where it would be impossible or unreasonable to obtain advance approval. In such cases, the activity must be fully disclosed and approval sought from the appropriate authority as soon as reasonably possible.

Some activity may also be prospectively approved, for up to one year, when an individual describes to the approving authority as fully as reasonably possible the general nature and extent of anticipated, but not confirmed, outside opportunities.

In any event, whether previously approved or not, employees should ensure they notify their chair, dean, or supervisor in advance when they will be missing specific responsibilities.

Sec. 10 Confidential Outside Activity. If an individual wishes to engage in an activity for which some or all of the relevant information is confidential, the approving authority may nonetheless approve the activity without requiring full written disclosure upon satisfaction that there is a compelling reason to treat the information confidentially and the activity is otherwise fully

compliant with this policy and all other applicable laws and U. T. System policies.

Sec. 11 Rescinding Approvals. An approving authority may rescind an approved outside activity upon receipt of information indicating that the activity is not consistent with this policy or any applicable law or U. T. System policy. The individual for whom the activity may be rescinded shall be given notice in writing of the information and an opportunity to respond.

Sec. 12 Electronic Database.

12.1 Items included in internal U. T. System Electronic Database. Disclosure of outside activity, documentation of requests for approval, and subsequent approvals shall be maintained for all full-time administrative and professional staff in an electronic database that will include the following elements:

- (a) a description of the nature and extent of all outside employment or other compensated activity and of all outside activity, regardless of compensation level, that reasonably appears to create a conflict of interest or a conflict of commitment;
- (b) the range of total annual compensation received for any compensated activity, or total annual compensation from a single entity, if it is greater than \$5,000 and the activity reasonably appears to create a conflict of interest or a conflict of commitment;
- (c) a description of the nature and extent of outside board service, except as noted at 6.5(b)(iii) and 6.5(c);
- (d) a description, including the range of compensation or interest of any substantial interest in a business entity (as defined in Sec. 16, below) that reasonably appears to create a conflict of interest;
- (e) a description of gifts over \$250 to the individual, but only if the gift reasonably appears to create a conflict of interest, and it is not a gift from one's spouse, parent, child, sibling, grandparent, or grandchild; or from the spouse of a parent, child, sibling, grandparent, or grandchild; or from the parent, child, sibling, grandparent, or grandchild of one's spouse; and
- (f) for part-time members of the administrative and professional staff, a description of the nature and extent of any outside activity and any substantial interest in a business entity that reasonably appears to create a conflict of interest.

12.2 Public Display of Information. Only the following information must be available on a publically accessible and searchable website:

- (a) The nature and extent of the activity, and the range of compensation if over \$5,000, for all managed conflicts of interest or conflicts of commitment, unless deemed confidential following procedures developed in accord with Sec. 6.3(d), above; and
- (b) all information disclosed by the Chancellor, U. T. System Executive Officers, and Presidents pursuant to Sec. 5.2, above, and
- (c) instructions for gaining access to a copy of any conflict management plan, except for any confidential information protected pursuant to Sec. 10, above.
- (d) Information regarding family members will not be posted publically.

Sec 13 Noncompliance. Noncompliance with this policy may subject one to discipline in accord with applicable procedures up to and including termination of employment.

Sec. 14 Use of Property. U. T. System property may only be used for State purposes appropriate to U. T. System's mission. Use of U. T. System property for any outside activity must be explicitly approved in writing by the approving authority.

Sec. 15 Education and Training. Training regarding this policy shall occur upon hire, any material change in employment with U. T. System, or any material change in outside activities of any U. T. System employee. Those employees responsible for approving and managing outside activities and interests shall complete an annual training. The content for such training shall be the responsibility of U. T. System Compliance Office.

U. T. System Office of Employee Services shall ensure that this policy will be distributed annually to all employees.

Sec. 16 When U. T. System accepts a gift, grant, donation, or other consideration from a person that the person designates to be used as a salary supplement for an employee of the System or a U. T. System institution, the receiving entity shall analyze the gift, grant or donation for potential conflicts of interest. If a conflict of interest exists, the institution shall utilize its current processes and procedures to eliminate or manage the conflict.

3. Definitions

Administrative and Professional Staff. Employees who have been determined to be exempt from the Fair Labor Standards Act (FLSA) and are, therefore, not entitled to overtime pay. It also includes employees who are not exempt from the FLSA if they are authorized to execute contracts on behalf of U. T. System

Administration or who, because of their job duties at U. T. System Administration, have authority to exercise discretion with regard to the award of contracts or other financial transactions.

Business Entity. Any entity recognized by law through which business for profit is conducted, including a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, or trust.

Compensation. Any form of benefit including but not limited to salary, retainer, honoraria, intellectual property rights or royalties, or promised, deferred, or contingent interest. It also includes sponsored travel or reimbursement².

Conflict of Commitment. A state in which the time or effort that a U. T. employee devotes to an outside activity directly or significantly interferes with the employee's fulfillment of their institutional responsibilities or when the employee uses State property without authority in connection with the employee's outside employment, board service, or other activity (See Sec. 8, RR 30104). Exceeding the amount of total time permitted by U. T. System or institution policy for outside activities creates the appearance of a conflict of commitment.

Conflict of Interest. A significant outside interest of a U. T. employee or one of the employee's immediate family members that could directly or significantly affect the employee's performance of the employee's institutional responsibilities. The proper discharge of an employee's institutional responsibilities could be directly or significantly affected if the employment, service, activity or interest: (1) might tend to influence the way the employee performs his or her institutional responsibilities, or the employee knows or should know the interest is or has been offered with the intent to influence the employee's conduct or decisions; (2) could reasonably be expected to impair the employee's judgment in performing his or her institutional responsibilities; or (3) might require or induce the employee to disclose confidential or proprietary information acquired through the performance of institutional responsibilities.

Immediate Family Members. Include:

- (1) a spouse;
- (2) a dependent child or stepchild or other dependent, for purposes of determining federal income tax liability during the period covered by the disclosure statement; and

² Sponsored or reimbursed travel is included for consistency with Public Health Service regulations and UTS 175 governing conflicts of interest in research (42 CFR Sec. 50.603, definition of "significant financial interest," at (2)). It does not apply to travel that is reimbursed or sponsored by a Federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an institution of higher education.

- (3) a related or non-related, unmarried adult who resides in the same household as the individual and with whom the individual is financially interdependent as evidenced, for example, by the maintenance of a joint bank account, mortgage, or investments.

Nature and Extent. Shall include a description of the activity, the time commitment, and the anticipated length of time the commitment is expected to continue.

Outside Board. The board, council, or other governing or advisory body of a business, civic, professional social, or religious organization, whether for profit or nonprofit.

Outside Employment. Any activity performed by an employee, other than fulfilling employment obligations at U. T. System or a U. T. System institution, for which remuneration is received, including distance teaching.

Range of Compensation – Includes a range of outside compensation as follows:

- (1) \$0 - \$4,999;
- (2) \$5,000 - \$9,999;
- (3) \$10,000 - \$19,999;
- (4) amounts between \$20,000 - \$100,000 by increments of \$20,000; or
- (5) amounts above \$100,000 by increments of \$50,000.
- (6) if stock options, [xxx] shares of common stock par value of .01 equaling [xx%] of the fully diluted value of the company at time of grant.

Substantial Interest in a Business Entity. For purposes of this policy, means:

- (1) a controlling interest;
- (2) ownership of more than 10 percent of the voting interest;
- (3) ownership of more than \$5,000 of the fair market value;
- (4) a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 10 percent of the profits, proceeds, or capital gains; or
- (5) service as an officer.

Not to include investments in mutual funds or retirement accounts, so long as the individual does not directly control the investment decisions made in those vehicles.

4. Relevant Federal and State Statutes

[Texas Government Code Chapter 572, Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest](#)

[Texas Government Code Chapter 574, Dual Office Holding](#)

[Texas Constitution, Article 16, Section 40 Holding More Than One Office](#)

5. Relevant System Policies, Procedures, and Forms

[Conflicts of Interest Reporting Tool](#)

[Board of Regents' Rule 30104, Conflict of Interest, Conflict of Commitment, and Outside Activities](#)

[Board of Regents' Rule 60306, Use of University Resources](#)

[UTS123, Policy on Service on Outside Boards](#)

[UTS134, Code of Ethics for Financial Officers and Employees](#)

[UTS175, Disclosure of Significant Financial Interests and Management and Reporting of Financial Conflicts of Interest in Research](#)

[UTS180, Conflicts of Interest, Conflicts of Commitment, and Outside Activities](#)

6. System Administration Office(s) Responsible for Policy

Office of General Counsel

7. Dates Approved or Amended

January 21, 2014