

1. Title

Conflicts of Interest, Conflicts of Commitment, and Outside Activities

2. Policy

Sec. 1 Applicability. This policy applies to all employees of The University of Texas System (U. T. System) Administration, and to all those employed by a University of Texas (U. T.) institution.

Sec. 2 Purpose. This policy is intended to protect the credibility and reputation of the U. T. System Administration, of each U. T. institution, and their 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 a framework for rules and procedures that will clearly delineate permissible outside activities.

Sec. 3 Primary Responsibility. The primary responsibility of employees of the U. T. System Administration and each of the U. T. (collectively: "U.T.") institutions is the accomplishment of the duties and responsibilities assigned to one's position of appointment.

Sec. 4 Value in Certain Outside Activities. Regents' Rule 30104 permits U. T. employees to engage in outside work or activities, so long as the work or activity complies with the requirements of the Rule and does not violate State laws or U. T. System or U. T. institution 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. Institutions may encourage certain specified outside activities that clearly contribute to the mission of the institution and/or provide important elements of faculty or staff development related to their institution responsibilities.

Sec. 5 Conflicts of Interest and Conflicts of Commitment Prohibited. U. T. 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 their institution.

Activities on behalf of outside entities or individuals must not interfere with a U. T. employee's fulfillment of his/her duties and responsibilities to U. T. Such conflicts of commitment may arise regardless of the

location of these activities (on or off campus), the type of outside entity (individual, for-profit, not-for-profit, or government), or the level of compensation (compensated or non-compensated).

- 5.1 Research Conflict of Interest and Other Related Policies. Institutions should incorporate and cross reference related policies, including the research conflict of interest policy (UTS175 and the related institutional *Handbook of Operating Procedures* [HOP]).
- 5.2 The Chancellor, U. T. System Executive Officers, and Presidents. In addition to compliance with this UTS policy, the Chancellor and executive officers (executive vice chancellors and vice chancellors) of the U. T. System and the presidents of the U. T. System institutions shall fully comply with UTS123 concerning service on outside boards and shall provide justification for how the outside board service benefits their duties and responsibilities. Information disclosed by the Chancellor, U.T. System Executive Officers, and Presidents shall be maintained on a publicly accessible and searchable electronic database.

Sec. 6 Approval and Disclosure Policy Required. U. T. System Administration and each U. T. institution shall adopt policies that clearly delineate the nature and amount of permissible outside work or activity, including outside board service. The policies shall include provisions to prevent, identify, and resolve conflicts of interest and conflicts of commitment and shall include specific processes for disclosing such work or outside activities, as well as the procedures for obtaining and documenting institutional approval to carry out such engagements, consistent with Regents' Rule 30104 and this policy.

The policies shall also include provisions requiring disclosure of any substantial interests in a business entity (as defined in Part 3, below) that reasonably appears to create a conflict of interest.

The policies shall be set forth in the policies of the U. T. System Administration or in the HOP of each institution and shall include the following elements.

- 6.1 Approval Requirements. The approval requirements in the policies developed by U. T. System Administration and the U. T. institutions shall conform to the following:

- (a) Approval requirements shall apply, at a minimum, to:
 - (i) all full-time members of the faculty employed on a 12-month or 9-month basis;
 - (ii) part-time members of the faculty only if the activity reasonably appears to create conflict of interest;
 - (iii) all full-time administrative and professional staff (as defined by this policy); and
 - (iv) part-time administrative and professional staff only if the activity reasonably appears to create conflict of interest.

(Institutions may elect to add categories of employees.)

- (b) Policies shall require approval prior to engaging in the activity, except as noted at (c), below, for:
 - (i) all outside employment or other compensated activities;
 - (ii) all service on outside boards (see section 6.5 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. Policies may identify the following activities as “pre-approved,” such that approval need not be obtained prior to engagement in the activity.
 - (i) Policies may identify categories of activities that shall be considered pre-approved. The categories of activities must clearly contribute to the mission of the institution and/or provide important elements of faculty or staff development related to their institutional responsibilities. Examples of such categories of activities would include: 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; and serving as a committee member, an officer, or board member of a professional or scholarly society. (Institutions may require the disclosure of a description of the nature and extent of some or all such activities as part of a faculty or staff member's periodic performance evaluation.)

- (ii) Outside employment during those months in which a member of the faculty appointed on a 9-month basis is not appointed can be considered pre-approved, requiring no further approval, unless the outside employment reasonably appears to create a conflict of interest, in which case prior approval is required. (Such activity may have to be disclosed in accord with section 6.2, below, and may be maintained in an electronic database in accord with Sec. 6.6, below.)

6.2 Information Required to Be Disclosed to U.T.

- (a) Full-Time Employees. Full-time members of the faculty and 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) a description of the nature and extent of any outside (onsite or distance) teaching that is in or related to the same discipline as one's area of U.T. teaching;
 - (iv) 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;

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

- (v) a description of the nature and extent of outside board service, regardless of compensation, (see Section 6.5 for details, including exclusions);
- (vi) a description, including the range of compensation or interest, of any substantial interest in a business entity (as defined in Part 3, below) that reasonably appears to create a conflict of interest, which should be provided no later than 30 days after acquiring the interest;
- (vii) 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;
- (viii) 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 Part 3, below) that reasonably appears to create a conflict of interest, which should be provided no later than 30 days after acquiring the interest.
- (ix) Outside activity disclosed under institutional HOPs developed pursuant to UTS 175, "Disclosure of Significant Financial Interests and Management and report of Financial Conflicts of Interest in Research," need not be re-disclosed.

(b) Part-Time Employees.

Part-time members of the faculty and 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 Part 3, below) that reasonably appears to create a conflict of interest. Part-time employees are not required by this policy to disclose for family members.

- 6.3 Additional Process Requirements. In addition to the approval and disclosure requirements outlined above, policies must include the following minimum features:
- (a) a process for establishing a plan to manage potential conflicts of interest or conflicts of commitment, when appropriate;
 - (b) a process for appealing a decision that includes at least one level of higher review and access to standard grievance procedures in appropriate cases;
 - (c) a process for approval, prospectively or promptly retrospectively, of activities that by their nature cannot be specifically approved before the work must begin, such as consulting on an emergency or other urgent need;
 - (d) a process for approving and disclosing activities the details of which must remain confidential (e.g. third party proprietary information, classified government work, and other information made confidential by law);
 - (e) a process for rescinding approvals; and
 - (f) a process for annual re-approval and disclosure.
- 6.4 Annual Report. Employees who are required to make disclosures should review and finalize all disclosures after the end of the calendar year during the annual reporting period (January through March of the following year).
- 6.5 Accounting for Outside Board Service.
- (a) Uncompensated Outside Board Service of Direct Benefit to U.T., other than scholarly boards pre-approved under Sec. 6.1(c)(i), above. Regents' Rule 30104 recognizes the benefit to be derived by U. T. System Administration and U. T. institutions 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 the U. T. System or U.T. institution that the approving authority may permit the service to be performed on university time. 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.

- 6.6 Electronic Database. U.T. System shall develop a shared service conflict of interest/commitment electronic reporting system that is consistent with this policy. Institutions may choose to utilize this system to meet the reporting guidelines outlined below or they may choose to electronically collect and transfer the data to U.T. System using their own electronic systems. All data locally collected and transferred to U.T. System must comport with the data definitions, template, and format provided by the U.T. System Office of Strategic Initiatives.
- (a) 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 faculty and full-time administrative and professional staff in an electronic database that will include the following elements:
- (i) 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;
 - (ii) 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;
 - (iii) a description of the nature and extent of outside board service, except as noted at 6.5(b)(iii) and 6.5(c);
 - (iv) a description, including the range of compensation or interest of any substantial interest in a business entity

(as defined in Part 3, below) that reasonably appears to create a conflict of interest;

- (v) 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
 - (vi) for part-time members of the faculty and 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.
- (b) Public Display of Information. Only the following information must be available on a publically accessible and searchable website:
- (i) 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;
 - (ii) all information disclosed by the Chancellor, U.T. System Executive Officers, and Presidents pursuant to Sec. 5.2, above; and
 - (iii) instructions for gaining access to a copy of any conflict management plan, except for any confidential information protected pursuant to Sec. 6.3(d), above.
 - (iv) Information regarding family members will not be posted publically.

Sec. 7 Noncompliance. Noncompliance with this policy may subject one to discipline in accord with applicable procedures up to and including termination of employment.

Sec. 8 Education and Training. Each institution must develop a comprehensive training program to implement this policy that includes at a minimum: training for those responsible for approving and managing outside activities and interests and annual distribution to all employees of the institution's conflicts of interest and conflicts of commitment HOPs.

This version of UTS180 will be superseded on August 1, 2016. Please see Related Info Section of UTS180 for the new version.

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. or who because of their job duties at U.T. 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 reimbursement.²

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

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.

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:

- a) a spouse;
- b) 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
- c) 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.

University Time. For faculty, this time is defined by the number of hours per week necessary for the performance of job duties, which include teaching, research, service, and patient care. For some staff this time is defined by a work day with set hours, and for other staff this time is defined as a work day with set hours plus on call service as needed.

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

[Model HOP](#)

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

[Board of Regents' Rules and Regulations, 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](#)

6. System Administration Office(s) Responsible for Policy

Office of General Counsel

7. Dates Approved or Amended

January 15, 2013
March 26, 2013
October 1, 2013
January 27, 2014

8. Contact Information

Questions or comments about this policy should be directed to:

- bor@utsystem.edu