

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: **2:30 p.m., Tuesday, September 20, 2016**
 Glenn S. Dumke Auditorium

Hugo N. Morales, Chair
Thelma Meléndez de Santa Ana, Vice Chair
Silas H. Abrego
Adam Day
Douglas Faigin
Jean P. Firstenberg
J. Lawrence Norton

Consent Item

Approval of Minutes of the Meeting of July 19, 2016

Discussion Items

1. Executive Compensation: Interim Vice Chancellor, Human Resources, California State University, *Action*
2. Proposed Revision of Title 5 Regulations – Amendment of California State University Conflict of Interest Code, *Information*
3. Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees, *Information*

**MINUTES OF THE MEETING OF
COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Trustees of The California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

July 19, 2016

Members Present

Hugo N. Morales, Chair
Thelma Meléndez de Santa Ana, Vice Chair
Adam Day
Douglas Faigin
Jean P. Firstenberg
Lupe C. Garcia
John Nilon
J. Lawrence Norton
Timothy P. White, Chancellor
Rebecca Eisen, Chair of the Board

Chair Morales called the meeting to order.

Approval of Minutes

The minutes from the May 25, 2016 meeting were approved as submitted.

Executive Compensation: Individual Transition Programs

Vice Chancellor Lamb provided a brief update on the executive transition programs. She explained that, consistent with trustee policy, Dr. Armiñana, Dr. Rush, and Dr. Zingg were eligible to participate in the program.

Compensation for Unrepresented Employees

Information on the 2016-2017 Management Personnel Plan and Confidential employees compensation was shared with the Board. Chancellor Timothy P. White authorized a two percent compensation pool for eligible unrepresented employees effective July 1, 2016.

Compensation for Executives

Recommendations for executive compensation were presented. Chancellor Timothy P. White recommended a two percent compensation increase for system executives for fiscal year 2016-2017. Trustee Douglas Faigin recommended a two percent compensation increase for the vice chancellor and chief audit officer for fiscal year 2016-2017. Board Chair Rebecca Eisen recommended a two percent compensation increase for Chancellor White for fiscal year 2016-2017.

The Committee on University and Faculty Personnel passed the motion to recommend approval of the item as stated in Agenda Item 3. (RUFP 07-16-07)

Exemption from Post-Retirement Employment Waiting Period

Vice Chancellor Lamb and President Coley presented the item. This item requested approval by the Board of Trustees to waive the requirement that Dr. Benjamin Quillian, former CSU executive vice chancellor and chief financial officer and, most recently, California State Polytechnic University, Pomona acting vice president and chief financial officer for Administrative Affairs, wait 180 days before returning to work as a rehired annuitant. *The California Government Code, Section 7522.56(f)*, provides for an exception to the 180-day waiting period.

The Committee on University and Faculty Personnel passed the motion to recommend approval of the item as stated in Agenda Item 4. (RUFP 07-16-08)

Chair Morales adjourned the meeting.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation: Interim Vice Chancellor, Human Resources, California State University

Presentation By

Timothy P. White
Chancellor

Summary

This action item sets the compensation for the interim vice chancellor, Human Resources of the California State University system.

Executive Compensation

This item recommends that Mr. G. Andrew Jones receive an annual salary of \$281,834 effective August 31, 2016, the date of his appointment as the interim vice chancellor, Human Resources. In accord with existing policy, Mr. Jones will receive a vehicle allowance of \$1,000 per month and will receive standard benefit provisions afforded CSU executive classification employees. He will not be eligible for any executive transition program as a result of serving as interim vice chancellor, Human Resources.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University, that Mr. G. Andrew Jones shall receive a salary set at the annual rate of \$281,834 effective August 31, 2016, the date of his appointment as interim vice chancellor, Human Resources of the California State University; and be it further

RESOLVED, that Mr. Jones shall receive additional benefits as cited in Agenda Item 1 of the Committee on University and Faculty Personnel at the September 20-21, 2016 meeting of the Board of Trustees.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Proposed Revision of Title 5 Regulations – Amendment of California State University Conflict of Interest Code

Presentation By

Andrew Jones
Interim Vice Chancellor
Human Resources

Summary

The Political Reform Act of 1974 requires the Trustees of the California State University (CSU) to adopt a Conflict of Interest Code which requires employees in designated positions to annually file Statements of Economic Interests (Form 700). Employees in designated positions are required to disclose financial interests which foreseeably could be materially affected by their making or participating in the making of decisions in their CSU employment. The Fair Political Practices Commission (FPPC) is the governing authority that approves Conflict of Interest Code updates.

The California State University Conflict of Interest Code must be updated periodically to reflect changes in designated positions and disclosure categories of those individuals who make or participate in the making of decisions that foreseeably will have a material effect on personal financial interests.

The purpose of this information item is to provide a summary of the proposed amendment to the Code:

- a. FPPC recommended a model applicable to higher education entities that streamlines disclosure categories and expands transparency. The proposed amendment consolidates the disclosure categories from 17 to 8 and also updates designated position changes.
- b. FPPC recommended and CSU proposes to adopt disclosure categories that are easier to understand and which develop greater consistency in how the disclosure categories are assigned across the system. The updated disclosure categories will capture the same financial interests in a more efficient way.
- c. The proposed amendment brings into conformity changes made by the campuses and the Chancellor's Office in the titles and responsibilities of designated positions. The proposed amendment ensures that the financial interests must be disclosed for designated positions that are involved in decision-making authority.

U&FP
Agenda Item 2
September 20-21, 2016
Page 2 of 2

These changes will amend Attachment A of Article 20 of Title 5, *California Code of Regulations*. Attachment A identifies proposed disclosure categories changes.

The Designated Positions List which identifies proposed designated positions, some of which may be subject to minor changes prior to final action by the Board, can be accessed at <https://www2.calstate.edu/csu-system/transparency-accountability>.

This item will be presented for action at the November 2016 Board of Trustees meeting.

Upon approval by the Board of Trustees, the amendment will be submitted to the Fair Political Practices Commission (FPPC) for approval.

Since changing the CSU Conflict of Interest Code requires an amendment to Title 5 of the *California Code of Regulations*, this item will be noticed for a public hearing at the November 2016 Board of Trustees meeting, as required by law.

CSU CONFLICT OF INTEREST DISCLOSURE CATEGORIES

INTRODUCTION

For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employee's service.

For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University including the headquarters office or any or all of these.

Each designated employee is assigned to one or more of the following disclosure categories and must disclosure reportable financial interests in each category assigned.

Designated employees need not report any investment in a business entity or real property worth less than \$2,000 or any source of income, including gifts, loans and travel payments, which aggregated less than \$500 (if a gift, less than \$50) during the calendar year prior to filing. An interest in real property used as the designated employee's principal residence need not be reported.

CATEGORY "1"

~~Interests in real property located in whole or in part within the master plan of the campus or which in the future foreseeably may be included in the master plan of the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employee's service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University.~~

Interests in real property located within two miles of the campus at which the designated employee works, or within two miles of land owned or used, or proposed for acquisition or use by the campus.

CATEGORY "2"

~~Interests in real property which is of the type to be leased, licensed, or otherwise made the subject of a contract with the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office.~~

Investments and business positions in business entities and income, including gifts, loans, and travel payments, from sources of the type which, within the last two calendar years, have contracted with the California State University to either (a) supply goods or services, and/or (b) perform construction work. This disclosure is limited to the types of contracts over which the designated employee has authority or influence.

CATEGORY "3"

~~Interests in real property and investments and business positions in business entities, and income, including gifts, loans, and travel payments, from sources located in whole or in part within two miles of the campus or within two miles of any land owned or used by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University.~~

Interests in real property located within the State of California.

CATEGORY "4"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office or any or all of these.~~

All investments and positions in business entities, and income, including gifts, loans and travel payments, from any business or nonprofit entities (other than an entity deemed by the FPPC as exempt under FPPC regulation 18755) which will be providing funds, or support for the research project for which the filer is the principal investigator. (The required disclosure shall be made on FPPC Form 700-U).

CATEGORY "5"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to provide supplies, materials, including books and periodicals, equipment, services or work of the type utilized by the school, department, or area for which the designated employee has decision-making authority or for which the designated employee participates in the making of the decision. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the Headquarters office or any of all of these.~~

All investments and business positions in business entities, and income (including gifts, loans and travel payments) from sources which are of the type in which California State University funds are or may be invested.

CATEGORY "6"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to purchase agricultural commodities or other products which are sold by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service.~~

Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from sources of the type which, within the last two calendar years, have contracted with the California State University to purchase goods or services, including agricultural commodities or other products, which are sold by the campus.

CATEGORY "7"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to perform construction work within the estimated cost limitation provided in the first paragraph of Public Contract Code Section 10705 or is of the type to contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office or any or all of these.~~

Consultants shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The Chancellor or President as appropriate may determine in writing that a particular consultant, although serving in a "designated position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this category "7". Such written determination shall include a description of the consultant's duties and based upon that description, a statement of the extent of disclosure requirements. The Chancellor or President's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

CATEGORY "8"

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the California State~~

~~University to perform construction work under the California State University Contract Law (Public Contract Code Section 10700 et seq.) or is of the type to contract as a subcontractor or supplier for such construction work or is of the type to contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.~~

All interests in real property, all investments, all income, including gifts, loans and travel payments, and business positions.

CATEGORY "9"_____

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is the type of entity in which the campus foreseeably may invest funds. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean the headquarters office.~~

CATEGORY "10"_____

~~Interests in real property which is of the type to be leased licensed, or otherwise made the subject of a contract with the headquarters.~~

CATEGORY "11"_____

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the headquarters office to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the headquarters office.~~

CATEGORY "12"_____

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the headquarters office to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the office, division, or area for which the designated employee has decision making authority or for which the designated employee participates in the making of the decision.~~

CATEGORY "13"_____

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the headquarters office to perform construction work within the estimated cost limitation provided in the first paragraph of~~

~~Public Contract Code Section 10705 or which is of the type to contract as a subcontractor or supplier for such construction work or which is of the type to contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.~~

~~CATEGORY "14"_____~~

~~Investments and business positions in any business entity or income, including gifts, loans, and travel payments, from any source which is of the type to contract with the campus to provide supplies, materials, machinery, equipment, services or work where the contract has been reviewed or in the future foreseeably may be reviewed by the office, area, or division in the headquarters office to which the designated employee is assigned. "The campus" as used herein shall mean each campus of the California State University and the headquarters office or any or all of these.~~

~~CATEGORY "15"_____~~

~~Interests in real property which is of the type to be the subject of a lease or license with the headquarters office for valuable consideration or is of the type to be made the subject of a contract with the headquarters office. "Headquarters office" as used in this category shall mean the office, section, or area of the headquarters office concerning which the designated employee has decision making or decision participating authority.~~

~~CATEGORY "16"_____~~

~~All investments in income, including gifts, loans, and travel payments, and business positions in, any private, nongovernmental entity which will be providing funds, or, in the case of a project completion statement, has provided funds, to support, in whole or in part, the research project for which the filer is the principal investigator. (The required disclosure shall be made on Form 700-U).~~

~~CATEGORY "17"_____~~

~~Consultants shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The Chancellor or President as appropriate may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this category "17". Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chancellor or President's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.~~

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees

Presentation By

Andrew Jones
Interim Vice Chancellor
Human Resources

Summary

Information will be provided on the new disclosure requirements on outside employment for Management Personnel Plan (MPP) and Executive employees.

Background

“Executive employees” include the chancellor, presidents, executive vice chancellors, and vice chancellors.

“Outside employment” is defined as any income received that is not compensated through CSU payroll.

“Conflict of commitment” is any outside work that creates a perceived or actual conflict with an employee’s ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU.

Governing statute:

At the January 22-23, 2013 meeting of the California State University (CSU) Board of Trustees a resolution (RUFPP 01-13-01) was adopted to add the following to Section 42740 of Title 5 of the California Code of Regulations:

Title 5, California Code of Regulations
Division 5 – Board of Trustees of the California State Universities
Chapter 1 – California State University
Subchapter 7 – Employees
Article 2.3 – Outside Employment Disclosure Requirements

§ 42740. Outside Employment – Management and Executive Employees

Management Personnel Plan and executive employees shall be required to report outside employment for the identification of and to preclude any conflict of commitment. The Chancellor is responsible for implementing this section.

NOTE: Authority cited: Sections 89030 and 89500, Education Code. Reference cited: Section 89030 and 89500, Education Code.

The Vice Chancellor of Human Resources implemented a policy that requires MPP and Executive employees to disclose any outside employment at several intervals: at the time of hire, annually, within 30 days of accepting outside employment, and within 10 days of request by a supervisor. The policy requires all outside employment disclosures to be reviewed and acknowledged by an appropriate administrator for potential conflicts of commitment. For Executive employees, the administrator who reviews these forms are the Chancellor and/or the Board of Trustees.

In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside employment disclosure requirements for MPP and Executive employees. On June 27, 2016, Senate Bill 886, referred to as the “Budget Act of 2016”, was signed into law by the Governor, and requires the CSU Board of Trustees to review the policies and procedures governing outside employment by university executives and senior management no later than January 1, 2017.

Information

The revised outside employment disclosure policy for MPP and Executive employees honors CSU’s commitment to the Legislature and the public, and complies with the Budget Act of 2016. The following is a list of the proposed changes to the policy:

- Require that outside employment of MPP and Executive employees do not create conflicts of interest or conflicts of commitment, whether those are actual or perceived.
- Require that outside employment is consistent with, and furthers, the public mission of the CSU.
- Require campuses to establish procedures to implement the policy requirements and provide an annual report to the Chancellor’s Office on outside employment disclosures at the campus.
- Provide guidance to determine when a conflict of commitment or interest exists and steps to be taken if conflict is found.
- Specify appropriate consequences for violations of policies and procedures.
- Require all MPP and Executive employees to submit a disclosure form at least annually, even if there is no outside employment to report.

- Defines Senior Management employees as Executive employees and Vice Presidents.
- Require detailed reporting and proper approval of outside employment for Senior Management Employees.
- The Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees.
- Require the Chancellor's Office to report outside employment of Senior Management employees publicly on an annual basis.

The revised outside employment disclosure policy for MPP and Executive employees serves to strengthen the CSU's commitment to improving and ensuring the public trust through clear policy objectives, stronger monitoring requirements, and increased transparency. These improvements will ensure that both CSU and members of the public are accurately informed of the outside employment of all management and executive employees and better positioned to prevent conflicts of commitment and interest.

Attachment A is the policy with all changes incorporated. Attachment B identifies changes to the policy. This item will be presented for action at the November 2016 Board of Trustees meeting.

Date: [Date]

Code: HR 2016-XX

Supersedes: HR 2016-01
HR 2014-12
HR 2013-11

Reference: HR 2002-05

To: CSU Presidents, Vice Presidents, HR Officers, AVPs/Deans of Faculty Affairs and campus designees responsible for outside employment disclosure

Subject: Revised Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees

Summary

The Outside Employment Disclosure Requirements for MPP and Executive Employees have been revised to include the following:

- Clarify that the policy applies to all MPP and Executive employees (full-time and part-time)
- Clarify that outside employment may not create conflict of commitment or conflict of interest
- All MPP and Executive employees are required to submit an Outside Employment Disclosure Form at least annually, even if there is no outside employment to report
- Defines Senior Management as Executive employees and Vice Presidents. This group will be required to submit for review and approval a detailed Outside Employment Disclosure Form
- The Outside Employment Disclosure Form for MPP employees has been revised, and a separate Form has been created for Senior Management employees
- Campuses are required to submit a detailed report on outside employment disclosures of Senior Management employees to the Chancellor's Office annually by [Date TBD]
- The Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees
- The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management

Action Items

Develop procedures to manage the disclosure process and communicate the revised requirements to all MPP and Executive employees at the campus.

Update campus Outside Employment Disclosure Forms.

All MPP and Executive employees are required to submit an Outside Employment Disclosure Form at least annually.

Campuses must submit a detailed report on outside employment of Senior Management employees to the Chancellor's Office annually by [Date TBD].

Affected Employee Group(s)/Units

All (full-time and part-time) MPP and Executive employees

Definition(s)

- Appropriate Administrator:** The administrator to whom the MPP or Executive employee directly reports
- Conflict of Commitment:** In the context of this policy, a conflict of commitment is any outside work that creates a perceived or actual conflict with an employee's ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU
- Conflict of Interest:** The Political Reform Act prohibits an employee from making, participating in the making, or influencing a governmental decision in which the employee has a financial interest
- Executive Employee:** Includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, and Presidents
- Management Personnel Plan (MPP):**
As defined in Title 5 of the California Code of Regulations, Article 2.2, "MPP" refers to employees designated as "management" or "supervisory" under the Higher Education Employer-Employee Relations Act (HEERA). This includes Executive employees
- Outside Employment:** Any employment not compensated through the CSU payroll, including CSU foundation and CSU auxiliary employment. Unpaid volunteer work does not apply to this policy
- Reportable Employment/Income:**
Any work for which a W-2 or 1099 is issued. Reportable income can come from a number of sources, including but not limited to one-time speeches/presentations, paid work for profit or non-profit entities, and paid service on a board of directors. Passive income (e.g., payments for services performed in the past, including royalties for writing, copyrighted work, research, and patented materials) is not reportable
- Senior Management:** For the purposes of this policy, this term shall include Executives (Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents) and Vice Presidents

Details

Policy Statement

Outside employment activities, while often mutually beneficial to the CSU and the employees themselves, must not conflict with an employee's ability to meet his/her responsibilities to the CSU and at all times act in the best interest of CSU. Therefore, it is the policy of the CSU to provide a transparent system of disclosure, approval, and documentation of outside employment activities performed by CSU MPP and Executive employees to identify any potential conflicts of commitment and/or conflicts of interest. This policy complies with Section 42740 of Title 5, California Code of Regulations and frames the rules and procedures to delineate permissible outside employment activities. Campuses are required to establish procedures to implement this policy requirement.

Background

In response to the California State Auditor (CSA) recommendation on CSU Compensation Practices, the Board of Trustees (BOT) approved the following addition to Title 5 of the California Code of Regulations in January 2013:

§ 42740. Outside Employment – Management and Executive Employees.

Management Personnel Plan and executive employees shall be required to report outside employment for the identification of and to preclude any conflict of commitment. The Chancellor is responsible for implementing this section.

NOTE: Authority cited: Sections 89030 and 89500, Education Code. Reference cited: Section 89030 and 89500, Education Code.

The BOT resolution¹ required the annual disclosure and approval of all outside employment not compensated through the CSU payroll for MPP and Executive employees.

In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016. This updated policy goes into effect on January 1, 2017.

Disclosure Reporting Requirements

MPP and Executive employees are individually responsible and held accountable for ensuring that their outside employment activities do not create any actual or perceived conflict of commitment and/or conflict of interest to the CSU. All full-time and part-time MPP (including Executive) employees are expected to monitor and report any and all outside work for which they are being compensated. These employees are required to submit a disclosure form at least annually, even if there is no outside employment to report.

MPP and Executive employees should be given a copy of this policy and will be required to submit a written report of any outside employment at the following times:

- **At the time of hire or appointment** — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- **Annually** – All MPP and Executive employees must submit an annual disclosure by **[Date TBD]** of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- **Within 30 days of accepting outside employment** – Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- **Upon Request** – Employees shall provide any requested information within 10 days of an appropriate administrator's request.

The written disclosure statement shall include the nature of outside employment held, time commitment, and expected duration. In addition to providing the information above, members of Senior Management (which consists of Executives and Vice Presidents) are required to disclose details of the outside employment, including the organization name, total compensation received, whether the business has had dealings with the CSU, and whether the employee was involved in making any decisions that affect CSU's dealings with the outside employer. A revised sample disclosure form for MPP employees has been provided in Attachment A. Attachment B contains a separate Outside Employment Disclosure Form that has been created for Senior Management employees. Campuses may use electronic forms to satisfy the reporting requirement.

Campuses should designate an employee responsible for this function and develop procedures to manage the disclosure process for MPP and Executive employees. Campuses are also required to maintain these records in accordance with

¹ Link to Board of Trustees Resolution #RUF 01-13-01: <http://www.calstate.edu/BOT/resolutions/jan2013.pdf>

Section 1.17 of CSU's Records Retention Policy (at least 4 years from the date of the document), which can be found at <http://www.calstate.edu/recordsretention/>.

Determining Conflicts of Commitment

The following is a partial list of possible conflicts of commitment that merit a case-by-case examination of the outside employment activity to determine whether the activity should be managed appropriately, reduced or eliminated. Conflict of commitment may be found if the outside employment activity results in:

- A reduction of the employee's time and energy devoted to CSU activities
- The use of CSU property or other resources without authority (other than de minimus)
- An influence over the way the employee performs his/her CSU responsibilities
- The disclosure of confidential or proprietary information acquired through the performance of CSU duties
- Acting against the CSU's best interest or in conflict with the CSU's mission and goals
- The violation of CSU policies, procedures or practices

The primary commitment of Executive employees must be to the fulfillment of their regular CSU university responsibilities. As a reminder, Executive employees may serve on up to two corporate boards. Approval from the Chancellor is required prior to accepting service on a corporate board. Notice and approval are not required for service on non-profit boards. These requirements protect the public interest and support reinforcement of this policy.

Determining Conflicts of Interest

No CSU MPP or Executive employee may make, participate in making, or influence a governmental decision in which he/she has a financial interest as defined by the Political Reform Act. A conflict of interest exists if the outside employment creates a financial interest on the part of the employee that precludes the employee from making decisions within the scope of the employee's duties.

Document Review – MPP Employees (excluding Senior Management)

All MPP employees are expected to reduce or eliminate outside employment if any perceived or actual conflicts of commitment or interest are found. Outside employment disclosures should be reviewed for any perceived or actual conflicts of commitment or interest by an appropriate administrator. The appropriate administrator who reviews these forms shall be the person to whom the employee reports.

If the employee's manager or the appropriate administrator determines there is a perceived or actual conflict of commitment and/or conflict of interest in the outside employment activity, and the employee disagrees with this determination, it should be noted on the outside employment disclosure form and escalated to the next level of review. This second and final level of review should be conducted by an independent review committee appointed by the President or Chancellor or his/her designee. The recommendation provided at this level shall be the final determination.

Document Review and Approval – Senior Management Employees

To protect the interests of the public and the CSU, all Senior Management employees are expected to perform outside employment free of any perceived or actual conflicts of commitment or interest. All outside employment disclosures should be reviewed for any perceived or actual conflicts of commitment or interest and approved by the President or his/her designee, and for all Executive employees, by the Chancellor or his/her designee. In addition, the Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees.

If the outside employment requires a second level of review for approval, an independent review committee appointed by the Chancellor (or the Board of Trustees for the Chancellor) or his/her designee and the Vice Chancellor of Human Resources, in consultation with the Office of General Counsel, shall review the outside employment disclosure. The recommendation provided at this level shall be the final determination.

Violations of Policy

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations² and will depend on the severity of the conduct.

Chancellor's Office and Board of Trustees Review

Campuses are required to submit a summary report (see Attachment D for a template) on outside employment disclosures to the Chancellor's Office annually [Date TBD]. Reports should be sent to [TBD]. Annual reminders will be sent from Systemwide HR. The report shall include the following:

- Percentage of MPP employees with outside employment at the campus
- Disclosure of all outside employment details for Senior Management
- Additional information as requested by the Systemwide HR office

Outside employment disclosure forms are public records and are subject to the California Public Records Act. To increase transparency, protect public interest, and ensure public trust, the CSU will publicly post the outside employment activities of Senior Management employees, which include the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents. The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management.

Questions regarding this policy should be directed to Systemwide Human Resources at (562) 951-4411 or your campus department. This document is available on the Human Resources Management's Website at <https://csyou.calstate.edu/Policies/HRPolicies/Forms/Default.aspx>.

LL/LH/tl

Attachment

² 5 Cal. Code Reg. §§42722, 42723

Outside Employment Disclosure Form For Management Personnel Plan (MPP) Employees³

Requirements: This form is to be completed as appropriate by MPP employees (excluding Vice Presidents and Executive employees) pursuant to Section 42740 of Title 5, California Code of Regulations.

Name: _____ Position/Title: _____

Campus: _____ Department: _____

Type of Disclosure (Check at least one box):

- ☐ **Annual:** The period covered is January 1, 20____, through December 31, 20____.
 -OR- The period covered is ____/____/20____ (Time of hire or appointment) through
 December 31, 20____.
- ☐ **Time of Hire or Appointment**
- ☐ **Accepted outside employment:** Outside employment began ____/____/20____
- ☐ **Administrator request:** The period covered is ____/____/20____ through ____/____/20____
 -OR - Current outside employment beginning ____/____/20____

Outside Employment Status (Select one):

- ☐ I have outside employment to report (complete table below).
☐ I have no outside employment report.

	Nature of Outside Employment Held	Time Commitment	Expected Duration
1			
2			

☐ I affirm that the information on this form is accurate to the best of my knowledge, that I have read and understand my obligations under the CSU's policy on Outside Employment Disclosure, and that I will comply with the conditions and restrictions imposed by the CSU to manage, reduce, or eliminate conflicts of commitment/interest. I certify that my time commitment to the outside employer(s), if applicable, does not create a conflict of commitment/interest that would interfere with CSU work assignments and satisfactory performance. I also commit to providing an updated form to my immediate supervisor whenever a significant change occurs in the information I have provided. *(Complete and sign below)*

Employee Signature: _____ Date: _____

Reviewed by:

³ For Vice Presidents and Executive employees, see the Outside Employment Disclosure Form for Senior Management employees

Name: _____

Date: _____

Administrator's Signature: _____

If applicable, submit Form and attachments to the independent review committee for additional review and approval. Submit completed Form to HR.

Outside Employment Disclosure Form For Senior Management Employees

Requirements: This form must be completed by all Senior Management employees (includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents) pursuant to Section 42740 of Title 5, California Code of Regulations and the 2016 Budget Act under the following conditions: upon hire, annually by **[Date TBD]**, within 30 days of accepting outside employment, and within 10 days of request by an appropriate administrator.

1. Employee Information:

Campus: _____

Name: _____

Title: _____

2. Type of Disclosure (Check at least one box):

☐ **Annual:** The period covered is January 1, 20____, through December 31, 20____.

-OR- The period covered is ____/____/20____ (Time of hire or appointment) through December 31, 20____.

☐ **Time of Hire or Appointment**

☐ **Accepted outside employment:** Outside employment began ____/____/20____

☐ **Administrator request:** The period covered is ____/____/20____ through ____/____/20____

-OR - Current outside employment beginning ____/____/20____

3. Outside Employment Involvement (Select "Yes" or "No" for each):

Types of services engaged in during disclosure period:	Please select one:	
Paid service* on a federal, state, or local government agency committee, panel, or commission	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid service* as an officer or member on a non-profit or for-profit board	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid service* to organization(s) that further the interests of higher education	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Pay* for presentation(s) at scholarly colloquia and conferences, speaker at an event, and/or guest lecturer	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid* consulting/professional advising activities	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid service* as an expert witness	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid service* on committees/advisory groups to other universities outside the CSU	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid* for developing scholarly communications or conducting editorial work in books, journal articles, movies, television productions or similar works	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Paid* review of journal/book manuscripts, grant or contract proposals	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other (please specify any other service for which compensation was received): _____		

If you answered YES to any of these questions, you have outside employment to report.

*Does not include reasonable incidentals (e.g., travel, meals).

4. Outside Employment Status (Select one):

☐ I have outside employment to report.

☐ I have no outside employment report (skip to Section 6 for signature and submit).

5. Detailed Reporting (attach additional pages as necessary):

Outside Employment/Activity 1:

1. Name of outside employer or business: _____

2. Duration of employment: _____

3. Describe the nature of the outside employment: _____
4. Total anticipated time to be served/Total time served (hrs): _____
5. Total compensation received including equity or deferred compensation: _____
6. Does the outside employer have any business dealings with CSU? If "yes", please explain.

7. Are you involved in making any decisions affecting CSU's dealings with the outside employer (either directly or indirectly)? Describe: _____
8. Additional comments (e.g., if compensation was donated, disclose here): _____

Outside Employment/Activity 2:

1. Name of outside employer or business: _____
2. Duration of employment: _____
3. Describe the nature of the outside employment: _____
4. Total anticipated time to be served/Total time served (hrs): _____
5. Total compensation received including equity or deferred compensation: _____
6. Does the outside employer have any business dealings with CSU? If "yes", please explain.

7. Are you involved in making any decisions affecting CSU's dealings with the outside employer (either directly or indirectly)? Describe: _____
8. Additional comments (e.g., if compensation was donated, disclose here): _____

6. Certification and Review

To be completed by the Employee:

I hereby affirm that the information on this form is accurate to the best of my knowledge, that I have read and understand my obligations under the CSU's policy on Outside Employment Disclosure, and that I will comply with the conditions and restrictions imposed by the CSU to manage, reduce, or eliminate conflicts of commitment/interest. I certify that my time commitment to the outside employer(s), if applicable, does not create a conflict of commitment/interest that would interfere with CSU work assignments and satisfactory performance. I also commit to providing an updated form to my immediate supervisor whenever a significant change occurs in the information I have provided.

Signature

Date

To be completed by the Employee's Immediate Supervisor/Appropriate Administrator:

I have reviewed this disclosure form and assessed whether the outside employment described above will create a conflict of commitment or interest between the employee and the CSU. I find that:

- ☐ the information submitted does not present a conflict of commitment or conflict of interest.
- ☐ the information submitted may present a conflict of commitment or a conflict of interest.

Comments/recommendations (attach additional pages if necessary):

If applicable, submit Form and attachments to the independent review committee for additional review and approval. Submit completed Form to HR.

Administrator's Name (Print): _____ **Title, Dept:** _____

Signature

Date

IF APPLICABLE - INDEPENDENT REVIEW COMMITTEE (FINAL LEVEL OF REVIEW)

Committee members:

_____	_____
_____	_____
_____	_____
_____	_____

Select one:

- ☐ The outside employment does not present a conflict of commitment or conflict of interest.
☐ The outside employment presents a conflict of commitment or conflict of interest.

Determination/Recommendation (Attach additional pages if necessary):



Revised Outside Employment Disclosure
Requirements for MPP and Executive Employees
ATTACHMENT C

**Outside Employment Policy for MPP and Executives
Frequently Asked Questions**

1. Who is required to report outside employment?

All MPP and Executive employees, whether part-time or full-time are required to complete the Outside Employment Disclosure Form even if they do not have any outside employment to report. (see Attachment A and B).

2. What are MPP and Executive employees expected to report?

MPP and Executive employees are expected to report outside work for which the employees are being compensated and result in reportable income. "Reportable income" is any work for which a W-2 or 1099 is issued.

3. When must MPP and Executive employees disclose outside employment?

MPP and Executive employees must disclose outside employment under the following instances:

- **At the time of hire or appointment** — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- **Annually** – All MPP and Executive employees must submit an annual disclosure by **[Date TBD]** of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- **Within 30 days of accepting outside employment** – Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- **Upon Request** – Employees shall provide any requested information within 10 days of an appropriate administrator's request.

4. Why are there outside employment disclosure requirements for MPPs and Executives?

The need to report compensatory outside employment initially resulted from a California State Auditor (CSA) finding on CSU Compensation Practices and a Board of Trustees Resolution approving the addition to Title 5 of the California Code of Regulations. In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016.

5. Why are there two separate forms for reporting?

The Outside Employment Disclosure Form for Senior Management Employees (Attachment B) is a detailed reporting form that is required for all Executive employees and Vice Presidents. Attachment A (Outside Employment Disclosure Form for MPP Employees) is for all other MPP employees.

6. Who is considered "Senior Management"?

Senior Management, for the purpose of this policy, includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents.

7. Why must outside employment for Senior Management be disclosed publicly?

It is required under the Budget Act of 2016.

8. Are Vice Presidents required to submit both forms (Attachment A and Attachment B)?

No, Vice Presidents are only required to submit Attachment B.

9. Are prospective MPP/Executive employees required to submit the Form even if they do not have outside employment?

Yes, the policy requires all prospective MPP and Executive employees to complete the Disclosure Form even if he/she does not have outside employment to report.

10. If an MPP employee works one or two days only on an outside employment engagement, do they have to report it under this policy?

Yes, as stated in the policy, "MPP and Executive employees are expected to report any and all outside work for which the employees are being compensated". Any work that results in reportable income (for which a 1099 or W-2 is issued) must be reported, no matter the time commitment.

11. If an MPP/Executive employee accepts an honorarium for giving a speech or presentation, does it have to be reported as outside employment?

Yes. MPP/Executive employees are required to report all outside work for which they receive compensation. As a reminder, an employee may not accept an honorarium from a reportable source (i.e., a source the employee will be required to disclose on an annual Form 700 Statement of Economic Interest). Cal. Govt. Code §89502.

12. Does the supervisor have the ability to tell the employee that the outside employment is a conflict and they cannot do the work?

Yes. The appropriate administrator has the authority to advise the individual that his/her outside employment conflicts with CSU employment, and that the conflict can no longer continue.

If so, can the employee be disciplined or discharged if they do not comply with the policy?

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations and will depend on the severity of the conduct.

13. Is documentation required to support that the outside employment "interfered with normal work assignments" or affected "satisfactory performance"?

As with any disciplinary action and/or unfavorable performance review, these situations must be documented appropriately and in the same manner. Campus performance evaluation/assessment procedures should support these actions.

14. When administrators sign the Disclosure Form that employees submit, are they actually approving the outside employment?

Yes, only if the administrator is reviewing it for Senior Management employees. For MPP employees, the administrator's signature confirms that the administrator has reviewed the employee's outside employment and has determined that no conflict of commitment or conflict of interest exists.

15. What happens if the employee refuses to provide the information?

The administrator should acknowledge, sign, and indicate on the disclosure form that the employee refused to sign the form. Further action will be required to evaluate the employee on failure to adhere to a policy requirement.

16. What is "too much" outside employment?

"Too much" outside employment is one that interferes with CSU work assignments and employee performance.

17. If the work that is being performed does not conflict with the employee's work for the CSU and does not occur during CSU business hours, is this still reportable?

Yes.

18. If the employee is not performing work but is receiving passive income (e.g., royalty payments) for service(s) performed in the past, does this need to be disclosed?

No.

19. If the industry in which outside employment is being performed has no affiliation with the CSU, is it still reportable?

Yes.

20. What constitutes a conflict of commitment?

A conflict, in the context of this policy, means any outside work that conflicts with an employee's ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU. Please refer to the "Determining Conflicts of Commitment" section of the policy for further information.

21. Where are completed forms filed, in the employee's personnel file or a separate file?

Completed forms shall be kept in a separate file and maintained in a fashion that allows Systemwide HR to efficiently access these files in the event of an audit.

22. Exactly what must the MPP disclose about his/her outside employment?

For MPP employees (excluding Senior Management), the Disclosure Form only requires the information about the nature of outside employment held, time commitment, and expected duration. "Nature" in this context can be used to categorize the role or category of employment services being performed (e.g., supervisor, president, manager, consultant). Senior Management employees have a separate and more comprehensive disclosure requirement.

23. What if the employee does not agree with the perception of work conflict?

The appropriate CSU administrator is responsible for determining if a work conflict exists, made in consideration of the employee's CSU work assignments and performance. If the employee does not agree that there is a conflict of commitment, it should be noted in the outside employment disclosure form and escalated to the next level of review, which will involve an independent review committee. See *Document Review – MPP Employees (excluding Senior Management)* and *Document Review and Approval – Senior Management Employees* for more information.

24. Will the Chancellor be asking the Presidents to report outside employment?

Yes. This policy applies to all Executive and MPP employees, including the campus presidents. The Chancellor will administer the policy to Presidents.

25. Why do campuses have to report outside employment of their presidents and vice presidents to the Chancellor's Office?

The CA State Legislature requires the Chancellor's Office to report outside employment activities of Senior Management employees publicly on an annual basis. The Chancellor's Office will maintain a public website reporting the outside employment endeavors of these individuals, and will be requiring campuses to report this information to the Chancellor's Office annually by **[Date TBD]**.

26. What is required on the annual report submitted to the Chancellor's Office?

The report shall include the percentage of MPP employees with outside employment at the campus, detailed disclosure of all outside employment details for Senior Management, and any additional information as requested by the Systemwide HR office. Annual reminders will be sent from Systemwide HR detailing the required contents of the report.

27. Will my Outside Disclosure Form be posted on the internet?

The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management employees. All forms are public records and subject to production under the California Public Records Act.

Outside Employment Activity Disclosure for Senior Management - Final Report

California State University, [Campus]

Reporting Year: January 1, 20XX to December 31, 20XX

Percentage of MPP employees who disclosed outside employment: **XX%**

Employee Name	CSU Working Title	Name of Outside employer/business	Role	Duration of employment	Total time served (Hrs)	Total compensation received (\$)	Additional Comments
John Doe	President	Company ABC	Board member	1/1/2015-6/30/2015	2 hrs/week (52 hours total)	\$1,000	Compensation was gifted to campus.
		Company XYZ	Consultant	December 1-3, 2015	5 hours total	\$200	Compensation was paid in company shares.

Date: [Date] Code: HR 2016-XX

Supersedes: HR 2016-01

HR 2014-12

HR 2013-11

Reference: HR 2002-05

To: CSU Presidents, Vice Presidents, HR Officers, AVPs/Deans of Faculty Affairs and campus designees responsible for outside employment disclosure

Subject: Revised Outside Employment Disclosure Requirements for Management Personnel Plan (MPP) and Executive Employees

Summary

~~Pursuant to Section 42740 of Title 5, California Code of Regulations, the CSU is implementing a policy that will require administrators to identify any conflict of commitment that would interfere with CSU work assignments and employee performance. Outside employment of a Management Personnel Plan (MPP) or Executive employee shall not conflict with normal work assignments or satisfactory performance. As a result, MPP and Executive employees shall provide the appropriate administrator with a written disclosure statement of all outside employment endeavors. Administrators, executives, and management employees should review and implement the contents of the policy. The Outside Employment Disclosure Requirements for MPP and Executive Employees have been revised to include the following:~~

- ~~• Clarify that the policy applies to all MPP and Executive employees (full-time and part-time)~~
- ~~• Clarify that outside employment may not create conflict of commitment or conflict of interest~~
- ~~• All MPP and Executive employees are required to submit an Outside Employment Disclosure Form at least annually, even if there is no outside employment to report~~
- ~~• Defines Senior Management as Executive employees and Vice Presidents. This group will be required to submit for review and approval a detailed Outside Employment Disclosure Form~~
- ~~• The Outside Employment Disclosure Form for MPP employees has been revised, and a separate Form has been created for Senior Management employees~~
- ~~• Campuses are required to submit a detailed report on outside employment disclosures of Senior Management employees to the Chancellor's Office annually by [Date TBD]~~
- ~~• The Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees~~
- ~~• The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management~~

Action Items

~~Report any conflict of commitment with outside employment that runs concurrent with CSU employment.
Develop procedures to manage the disclosure process and communicate the revised requirements to all MPP and Executive employees at the campus.~~

Update campus Outside Employment Disclosure Forms.

All MPP and Executive employees are required to submit an Outside Employment Disclosure Form at least annually.

Campuses must submit a detailed report on outside employment of Senior Management employees to the Chancellor's Office annually by [Date TBD].

Affected Employee Group(s)/Units

All (full-time and part-time) MPP and Executive Employees

Definition(s)

Appropriate Administrator: The administrator to whom the MPP or Executive employee directly reports

Conflict of Commitment: In the context of this policy, a conflict of commitment is any outside work that creates a perceived or actual conflict with an employee's ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU

Conflict of Interest: The Political Reform Act prohibits an employee from making, participating in the making, or influencing a governmental decision in which the employee has a financial interest

Executive Employee: Includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, and Presidents

Management Personnel Plan (MPP):

As defined in Title 5 of the California Code of Regulations, Article 2.2, "MPP" refers to employees designated as "management" or "supervisory" under the Higher Education Employer-Employee Relations Act (HEERA). This includes Executive employees

Outside Employment: Any employment not compensated through the CSU payroll, including CSU foundation and CSU auxiliary employment. Unpaid volunteer work does not apply to this policy

Reportable Employment/Income:

Any work for which a W-2 or 1099 is issued. Reportable income can come from a number of sources, including but not limited to one-time speeches/presentations, paid work for profit or non-profit entities, and paid service on a board of directors. Passive income (e.g., payments for services performed in the past, including royalties for writing, copyrighted work, research, and patented materials) is not reportable

Senior Management: For the purposes of this policy, this term shall include Executives (Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents) and Vice Presidents

Details

Policy Statement

Outside employment activities, while often mutually beneficial to the CSU and the employees themselves, must not conflict with an employee's ability to meet his/her responsibilities to the CSU and at all times act in the best interest of CSU. Therefore, it is the policy of the CSU to provide a transparent system of disclosure, approval, and documentation of outside employment activities performed by CSU MPP and Executive employees to identify any potential conflicts of commitment and/or conflicts of interest. This policy complies with Section 42740 of Title 5, California Code of Regulations and frames the rules and procedures to delineate permissible outside employment activities. Campuses are required to establish procedures to implement this policy requirement.

Background:

Consistent with the requirements of the California Bureau of State Audits (BSA) finding on CSU Compensation Practices, the Board of Trustees has approved an addition to Title 5 of the California Code of Regulations at its January 2013 Board of Trustees meeting. The resolution required the disclosure and approval of outside employment for all full time

management and executive employees for the identification of and to preclude any conflict of commitment. The link to the Board of Trustees Resolution #RUF 01-13-01 is found here: <http://www.calstate.edu/BOT/resolutions/jan2013.pdf>. This requirement is already in place for faculty. See Article 35 of the Collective Bargaining Agreement (CBA) with the California Faculty Association (CFA).

Definition: For the context of this policy, outside employment refers to any employment not compensated through the CSU payroll, including CSU foundation and CSU auxiliary employment. Volunteer work does not apply to this policy.

Disclosure Requirements:

~~MPP and Executive employees are expected to report any and all outside work for which the employees are being compensated. In addition, requests for written disclosure may also be made when the appropriate administrator deems it necessary to ascertain that the employee's outside employment does not conflict with normal work assignments or satisfactory performance. In the case of Executive employees, the appropriate administrator could include the Chancellor and/or the Board of Trustees. The written disclosure statement shall provide the nature and approximate distribution of time devoted to continuous outside employment endeavors.~~

Reporting Requirements:

~~To ensure policy compliance, campuses shall initiate a reporting period for all MPP and Executive employees, in which current employees shall disclose outside employment activity within 60 days. Current employees who have outside employment are required to complete the disclosure form annually, and within 30 days of taking outside employment. Annual reminders for disclosures will be sent by Human Resources. For newly hired MPP and Executive employees, campuses shall provide a copy of this policy and require the completion of an acknowledgement form as a precondition of employment. In the event that an administrator requests the disclosure of outside employment from a current employee, the written report shall be provided to the administrator within 10 days. A sample disclosure and acknowledgement form has been provided in Attachment A. Campuses may use electronic forms to satisfy the reporting requirement.~~

Document Review and Filing:

~~Campuses are required to establish procedures to implement this policy requirement. Campuses should designate an employee responsible for this function and develop procedures to manage the disclosure process. Campuses are also required to maintain these records in accordance with CSU's Records Retention Policy.~~

Background

In response to the California State Auditor (CSA) recommendation on CSU Compensation Practices, the Board of Trustees (BOT) approved the following addition to Title 5 of the California Code of Regulations in January 2013:

§ 42740. Outside Employment – Management and Executive Employees.

Management Personnel Plan and executive employees shall be required to report outside employment for the identification of and to preclude any conflict of commitment. The Chancellor is responsible for implementing this section.

NOTE: Authority cited: Sections 89030 and 89500, Education Code. Reference cited: Section 89030 and 89500, Education Code.

The BOT resolution¹ required the annual disclosure and approval of all outside employment not compensated through the CSU payroll for MPP and Executive employees.

¹ Link to Board of Trustees Resolution #RUF 01-13-01: <http://www.calstate.edu/BOT/resolutions/jan2013.pdf>

In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016. This updated policy goes into effect on January 1, 2017.

Disclosure Reporting Requirements

MPP and Executive employees are individually responsible and held accountable for ensuring that their outside employment activities do not create any actual or perceived conflict of commitment and/or conflict of interest to the CSU. All full-time and part-time MPP (including Executive) employees are expected to monitor and report any and all outside work for which they are being compensated. These employees are required to submit a disclosure form at least annually, even if there is no outside employment to report.

MPP and Executive employees should be given a copy of this policy and will be required to submit a written report of any outside employment at the following times:

- **At the time of hire or appointment** — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- **Annually** – All MPP and Executive employees must submit an annual disclosure by **[Date TBD]** of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- **Within 30 days of accepting outside employment** – Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- **Upon Request** – Employees shall provide any requested information within 10 days of an appropriate administrator's request.

The written disclosure statement shall include the nature of outside employment held, time commitment, and expected duration. In addition to providing the information above, members of Senior Management (which consists of Executives and Vice Presidents) are required to disclose details of the outside employment, including the organization name, total compensation received, whether the business has had dealings with the CSU, and whether the employee was involved in making any decisions that affect CSU's dealings with the outside employer. A revised sample disclosure form for MPP employees has been provided in Attachment A. Attachment B contains a separate Outside Employment Disclosure Form that has been created for Senior Management employees. Campuses may use electronic forms to satisfy the reporting requirement.

Campuses should designate an employee responsible for this function and develop procedures to manage the disclosure process for MPP and Executive employees. Campuses are also required to maintain these records in accordance with Section 1.17 of CSU's Records Retention Policy (at least 4 years from the date of the document), which can be found at <http://www.calstate.edu/recordsretention/>.

Determining Conflicts of Commitment

The following is a partial list of possible conflicts of commitment that merit a case-by-case examination of the outside employment activity to determine whether the activity should be managed appropriately, reduced or eliminated. Conflict of commitment may be found if the outside employment activity results in:

- A reduction of the employee's time and energy devoted to CSU activities
- The use of CSU property or other resources without authority (other than de minimus)
- An influence over the way the employee performs his/her CSU responsibilities
- The disclosure of confidential or proprietary information acquired through the performance of CSU duties
- Acting against the CSU's best interest or in conflict with the CSU's mission and goals
- The violation of CSU policies, procedures or practices

The primary commitment of Executive employees must be to the fulfillment of their regular CSU university responsibilities. As a reminder, Executive employees may serve on up to two corporate boards. Approval from the Chancellor is required prior to accepting service on a corporate board. Notice and approval are not required for service on non-profit boards. These requirements protect the public interest and support reinforcement of this policy.

Determining Conflicts of Interest

No CSU MPP or Executive employee may make, participate in making, or influence a governmental decision in which he/she has a financial interest as defined by the Political Reform Act. A conflict of interest exists if the outside employment creates a financial interest on the part of the employee that precludes the employee from making decisions within the scope of the employee's duties.

Document Review – MPP Employees (excluding Senior Management)

All MPP employees are expected to reduce or eliminate outside employment if any perceived or actual conflicts of commitment or interest are found. Outside employment disclosures should be reviewed for any perceived or actual conflicts of commitment or interest by an appropriate administrator. The appropriate administrator who reviews these forms shall be the person to whom the employee reports.

If the employee's manager or the appropriate administrator determines there is a perceived or actual conflict of commitment and/or conflict of interest in the outside employment activity, and the employee disagrees with this determination, it should be noted on the outside employment disclosure form and escalated to the next level of review. This second and final level of review should be conducted by an independent review committee appointed by the President or Chancellor or his/her designee. The recommendation provided at this level shall be the final determination.

Document Review and Approval – Senior Management Employees

To protect the interests of the public and the CSU, all Senior Management employees are expected to perform outside employment free of any perceived or actual conflicts of commitment or interest. All outside employment disclosures should be reviewed for any perceived or actual conflicts of commitment or interest and approved by the President or his/her designee, and for all Executive employees, by the Chancellor or his/her designee. In addition, the Board of Trustees shall annually review and provide the opportunity for public discussion and approval for the outside employment endeavors of all Senior Management employees.

If the outside employment requires a second level of review for approval, an independent review committee appointed by the Chancellor (or the Board of Trustees for the Chancellor) or his/her designee and the Vice Chancellor of Human Resources, in consultation with the Office of General Counsel, shall review the outside employment disclosure. The recommendation provided at this level shall be the final determination.

Violations of Policy

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations² and will depend on the severity of the conduct.

Chancellor's Office and Board of Trustees Review

Campuses are required to submit a summary report (see Attachment D for a template) on outside employment disclosures to the Chancellor's Office annually [Date TBD]. Reports should be sent to [TBD]. Annual reminders will be sent from Systemwide HR. The report shall include the following:

- Percentage of MPP employees with outside employment at the campus
- Disclosure of all outside employment details for Senior Management

² 5 Cal. Code Reg. §§42722, 42723

- Additional information as requested by the Systemwide HR office

Outside employment disclosure forms are public records and are subject to the California Public Records Act. To increase transparency, protect public interest, and ensure public trust, the CSU will publicly post the outside employment activities of Senior Management employees, which include the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents. The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management.

Questions regarding this policy should be directed to Systemwide Human Resources at (562) 951-4411 or your campus department. This document is available on the Human Resources Management's Website at <https://csyou.calstate.edu/Policies/HRPolicies/Forms/Default.aspx>.

LL/LH/tl

Attachment

Revised Outside Employment Disclosure
Requirements for MPP and Executive Employees
ATTACHMENT A

Outside Employment Disclosure Form
For Management Personnel Plan (MPP) ~~and Executive~~ Employees³

Requirements: This form is to be completed as appropriate by MPP ~~and Executive~~ employees (excluding Vice Presidents and Executive employees) pursuant to Section 42740 of Title 5, California Code of Regulations.

Requirements:

~~All management and executive employees shall be required to provide a written statement to the appropriate administrator of any and all outside employment. Employees shall also provide a written statement of outside employment if a written request by an administrator is made.~~

Disclosure:

Name: _____ Position/Title: _____

Campus: _____ Department: _____

Type of Disclosure (Check at least one box):

☐ **Annual:** The period covered is January 1, 20____, through December 31, 20____.
-OR- The period covered is ____/____/20____ (Time of hire or appointment) through
December 31, 20____.

☐ **Time of Hire or Appointment**

☐ **Accepted outside employment:** Outside employment began ____/____/20____

☐ **Administrator request:** The period covered is ____/____/20____ through ____/____/20____

-OR - Current outside employment beginning ____/____/20____

Date: _____

Outside Employment Status (Select one):

☐ I have outside employment to report (complete table below).

☐ I have no outside employment report.

	Nature of Outside Employment Held	Time Commitment	Expected Duration
1			
2			

☐ I affirm that the information on this form is accurate to the best of my knowledge, that I have read and understand my obligations under the CSU's policy on Outside Employment Disclosure, and that I will comply with the conditions and restrictions imposed by the CSU to manage, reduce, or eliminate conflicts of commitment/interest. I certify that my time

³ For Vice Presidents and Executive employees, see the Outside Employment Disclosure Form for Senior Management employees

commitment to the outside employer(s), if applicable, does not create a conflict of commitment/interest that would interfere with CSU work assignments and satisfactory performance. I also commit to providing an updated form to my immediate supervisor whenever a significant change occurs in the information I have provided.~~I acknowledge that the information listed above is true and correct, and that my time commitment to these outside employer(s) do not create a conflict of commitment that would interfere with CSU work assignments and satisfactory performance.~~ (Complete and sign below)

Employee Signature: _____ Date: _____

Reviewed by:

Name: _____ Date: _____

Administrator's Signature: _____

If applicable, submit Form and attachments to the independent review committee for additional review and approval. Submit completed Form to HR.

ATTACHMENT B

**Outside Employment Disclosure Form
For Senior Management Employees**

Requirements: *This form must be completed by **all Senior Management employees** (includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents) pursuant to Section 42740 of Title 5, California Code of Regulations and the 2016 Budget Act under the following conditions: upon hire, annually by **[Date TBD]**, within 30 days of accepting outside employment, and within 10 days of request by an appropriate administrator.*

1. Employee Information: Campus: _____
Name: _____ Title: _____

2. Type of Disclosure (Check at least one box):

- ☐ **Annual:** The period covered is January 1, 20____, through December 31, 20____.
-OR- The period covered is ____/____/20____ (Time of hire or appointment) through December 31, 20____.
- ☐ **Time of Hire or Appointment**
- ☐ **Accepted outside employment:** Outside employment began ____/____/20____
- ☐ **Administrator request:** The period covered is ____/____/20____ through ____/____/20____
-OR- Current outside employment beginning ____/____/20____

3. Outside Employment Involvement (Select "Yes" or "No" for each):

Types of services engaged in during disclosure period:	Please select one:	
<u>Paid service* on a federal, state, or local government agency committee, panel, or commission</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid service* as an officer or member on a non-profit or for-profit board</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid service* to organization(s) that further the interests of higher education</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Pay* for presentation(s) at scholarly colloquia and conferences, speaker at an event, and/or guest lecturer</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid* consulting/professional advising activities</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid service* as an expert witness</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid service* on committees/advisory groups to other universities outside the CSU</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid* for developing scholarly communications or conducting editorial work in books, journal articles, movies, television productions or similar works</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Paid* review of journal/book manuscripts, grant or contract proposals</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<u>Other (please specify any other service for which compensation was received):</u>		

If you answered YES to any of these questions, you have outside employment to report.

**Does not include reasonable incidentals (e.g., travel, meals).*

1.4. Outside Employment Status (Select one):

- ☐ I have outside employment to report.
- ☐ I have **no outside employment report** (skip to Section 6 for signature and submit).

5. Detailed Reporting (attach additional pages as necessary):

Outside Employment/Activity 1:

1. Name of outside employer or business: _____
2. Duration of employment: _____

3. Describe the nature of the outside employment: _____
4. Total anticipated time to be served/Total time served (hrs): _____
5. Total compensation received including equity or deferred compensation: _____
6. Does the outside employer have any business dealings with CSU? If "yes", please explain.

7. Are you involved in making any decisions affecting CSU's dealings with the outside employer (either directly or indirectly)? Describe: _____
8. Additional comments (e.g., if compensation was donated, disclose here): _____

Outside Employment/Activity 2:

1. Name of outside employer or business: _____
2. Duration of employment: _____
3. Describe the nature of the outside employment: _____
4. Total anticipated time to be served/Total time served (hrs): _____
5. Total compensation received including equity or deferred compensation: _____
6. Does the outside employer have any business dealings with CSU? If "yes", please explain.

7. Are you involved in making any decisions affecting CSU's dealings with the outside employer (either directly or indirectly)? Describe: _____
8. Additional comments (e.g., if compensation was donated, disclose here): _____

=

6. Certification and Review

To be completed by the Employee:

I hereby affirm that the information on this form is accurate to the best of my knowledge, that I have read and understand my obligations under the CSU's policy on Outside Employment Disclosure, and that I will comply with the conditions and restrictions imposed by the CSU to manage, reduce, or eliminate conflicts of commitment/interest. I certify that my time commitment to the outside employer(s), if applicable, does not create a conflict of commitment/interest that would interfere with CSU work assignments and satisfactory performance. I also commit to providing an updated form to my immediate supervisor whenever a significant change occurs in the information I have provided.

Signature

Date

To be completed by the Employee's Immediate Supervisor/Appropriate Administrator:

I have reviewed this disclosure form and assessed whether the outside employment described above will create a conflict of commitment or interest between the employee and the CSU. I find that:

- ☐ the information submitted does not present a conflict of commitment or conflict of interest.
- ☐ the information submitted may present a conflict of commitment or a conflict of interest.

Comments/recommendations (attach additional pages if necessary):

If applicable, submit Form and attachments to the independent review committee for additional review and approval. Submit completed Form to HR.

Administrator's Name (Print): _____ **Title, Dept:** _____

Signature _____ **Date** _____

IF APPLICABLE - INDEPENDENT REVIEW COMMITTEE (FINAL LEVEL OF REVIEW)

Committee members: _____

Select one:

- ☐ The outside employment does not present a conflict of commitment or conflict of interest.
☐ The outside employment presents a conflict of commitment or conflict of interest.

Determination/Recommendation (Attach additional pages if necessary):



Outside Employment Policy for MPP and Executives Frequently Asked Questions

1. Who is required to report outside employment?

All MPP and Executive employees, whether part-time or full-time are required to complete the Outside Employment Disclosure Form even if they do not have any outside employment to report. (see Attachment A and B).

1.2. What are MPP and Executive employees expected to report?

MPP and Executive employees are expected to report outside work for which the employees are being compensated, and ~~such work must~~ result in reportable income. "Reportable income" is any work for which a W-2 or 1099 is issued.

2.3. When must MPP and Executive employees disclose outside employment?

MPP and Executive employees must disclose outside employment under the following instances:

- At the time of hire or appointment — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- Annually – All MPP and Executive employees must submit an annual disclosure by [Date TBD] of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- Within 30 days of accepting outside employment – Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- Upon Request – Employees shall provide any requested information within 10 days of an appropriate administrator's request.

4. Why are there outside employment disclosure requirements for MPPs and Executives?

The need to report compensatory outside employment initially resulted from a California State Auditor (CSA) finding on CSU Compensation Practices and a Board of Trustees Resolution approving the addition to Title 5 of the California Code of Regulations. In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016.

5. Why are there two separate forms for reporting?

The Outside Employment Disclosure Form for Senior Management Employees (Attachment B) is a detailed reporting form that is required for all Executive employees and Vice Presidents. Attachment A (Outside Employment Disclosure Form for MPP Employees) is for all other MPP employees.

3.6. Who is considered "Senior Management"?

Senior Management, for the purpose of this policy, includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents.

4.7. Why must outside employment for Senior Management be disclosed publicly?

It is required under the Budget Act of 2016.

8. Are Vice Presidents required to submit both forms (Attachment A and Attachment B)?

No, Vice Presidents are only required to submit Attachment B.

5.9. Are prospective MPP/Executive employees required to submit the Form even if they do not have outside employment?

Yes, the policy requires all prospective MPP and Executive employees to complete the Disclosure Form even if he/she does not have outside employment to report.

6.10. If an MPP employee works one or two days only on an outside employment engagement, do they have to report it under this policy?

Yes, as stated in the policy, "MPP and Executive employees are expected to report any and all outside work for which the employees are being compensated". Any work that results in reportable income (for which a 1099 or W-2 is issued) must be reported, no matter the time commitment.

11. If an MPP/Executive employee accepts an honorarium for giving a speech or presentation, does it have to be reported as outside employment?

Yes. MPP/Executive employees are required to report all outside work for which they receive compensation. As a reminder, an employee may not accept an honorarium from a reportable source (i.e., a source the employee will be required to disclose on an annual Form 700 Statement of Economic Interest). Cal. Govt. Code §89502.

7.12. Does the supervisor have the ability to tell the employee that the outside employment is a conflict and they cannot do the work?

Yes. The appropriate administrator has the authority to advise the individual that his/her outside employment conflicts with CSU employment, and that the conflict can no longer continue.

If so, can the employee be disciplined or discharged if they do not comply with the policy?

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations and will depend on the severity of the conduct.

8.13. Is documentation required to support that the outside employment "interfered with normal work assignments" or affected "satisfactory performance"?

As with any disciplinary action and/or unfavorable performance review, these situations must be documented appropriately and in the same manner. Campus performance evaluation/assessment procedures should support these actions.

9.14. When administrators sign the Disclosure Form that employees submit, are they actually approving the outside employment?

Yes, only if the administrator is reviewing it for Senior Management employees. For MPP employees, the administrator's signature confirms that the administrator has reviewed the employee's outside employment and has determined that no conflict of commitment or conflict of interest exists.

10.15. What happens if the employee refuses to provide the information?

The administrator should acknowledge, sign, and indicate on the disclosure form that the employee refused to sign the form. Further action will be required to evaluate the employee on failure to adhere to a policy requirement.

11.16. What is "too much" outside employment?

"Too much" outside employment is one that interferes with CSU work assignments and employee performance.

12.17. If the work that is being performed does not conflict with the employee's work for the CSU and does not occur during CSU business hours, is this still reportable?

Yes.

13.18. If the employee is not performing work but is receiving passive income (e.g., royalty payments) for service(s) performed in the past, does this need to be disclosed?

No.

14.19. If the industry in which outside employment is being performed has no affiliation with the CSU, is it still reportable?

Yes.

15.20. What constitutes a conflict of commitment?

A conflict, in the context of this policy, means any outside work that conflicts with an employee's ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU. Please refer to the "Determining Conflicts of Commitment" section of the policy for further information.

16.21. Where are completed forms filed, in the employee's personnel file or a separate file?

Completed forms shall be kept in a separate file and maintained in a fashion that allows Systemwide HR to efficiently access these files in the event of an audit.

22. Exactly what must the MPP disclose about his/her outside employment?

For MPP employees (excluding Senior Management), the Disclosure Form only requires the information about the nature of outside employment held, time commitment, and expected duration. "Nature" in this context can be used to categorize the role or category of employment services being performed (e.g., supervisor, president, manager, consultant). Senior Management employees have a separate and more comprehensive disclosure requirement.

17.23. What if the employee does not agree with the perception of work conflict?

The appropriate CSU administrator is responsible for determining if a work conflict exists, made in consideration of the employee's CSU work assignments and performance. If the employee does not agree that there is a conflict of commitment, it should be noted in the outside employment disclosure form and escalated to the next level of review, which will involve an independent review committee. See Document Review – MPP Employees (excluding Senior Management) and Document Review and Approval – Senior Management Employees for more information.

18.24. Will the Chancellor be asking the Presidents to report outside employment?

Yes. This policy applies to all Executive and MPP employees, including the campus presidents. The Chancellor will administer the policy to Presidents.

19.25. Why do campuses have to report outside employment of their presidents and vice presidents to the Chancellor's Office?

The CA State Legislature requires the Chancellor's Office to report outside employment activities of Senior Management employees publicly on an annual basis. The Chancellor's Office will maintain a public website reporting the outside employment endeavors of these individuals, and will be requiring campuses to report this information to the Chancellor's Office annually by [Date TBD].

26. What is required on the annual report submitted to the Chancellor's Office?

The report shall include the percentage of MPP employees with outside employment at the campus, detailed disclosure of all outside employment details for Senior Management, and any additional information as requested by the Systemwide HR office. Annual reminders will be sent from Systemwide HR detailing the required contents of the report.

27. Will my Outside Disclosure Form be posted on the internet?

The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management employees. All forms are public records and subject to production under the California Public Records Act.

Outside Employment Activity Disclosure for Senior Management - Final Report

California State University, [Campus]

Reporting Year: January 1, 20XX to December 31, 20XX

Percentage of MPP employees who disclosed outside employment: **XX%**

Employee Name	CSU Working Title	Name of Outside employer/business	Role	Duration of employment	Total time served (Hrs)	Total compensation received (\$)	Additional Comments
John Doe	President	Company ABC	Board member	1/1/2015-6/30/2015	2 hrs/week (52 hours total)	\$1,000	Compensation was gifted to campus.
		Company XYZ	Consultant	December 1-3, 2015	5 hours total	\$200	Compensation was paid in company shares.