

CHAPTER VIII. ETHICS POLICY FOR REGENTS
AND EMPLOYEES OF THE TEXAS STATE UNIVERSITY SYSTEM

1. BOARD EXPENSES AND ALLOWANCES.

1.1 Transportation, Meals, and Lodging.

1.11 Members of the Board of Regents are entitled to receive the following when traveling to conduct official business:

- (1) reimbursement of expenses for meals and lodging as provided by law; and
- (2) reimbursement for transportation and incidental expenses at rates specified in the *General Appropriations Act* for State employees.

1.12 Employees of The Texas State University System and its components are entitled to receive the following when traveling to conduct official business:

- (1) Actual costs of lodging and meals for in-state travel, except that such reimbursements may not exceed the current maximum established by law;
- (2) For out-of-state travel, employees may receive actual costs for lodging and a per diem for meals not to exceed the locality-based allowance provided by the Federal Travel Regulations for lodging and meals unless the State Comptroller determines in advance of the travel that local conditions warrant a change in the lodging rate for a particular location.

1.2 Purpose of Travel. To qualify for travel reimbursements, the purpose of a trip must be "state business" or "official business" of The Texas State University System. State or official business is the accomplishment of a governmental function directly entrusted to The Texas State University System or one of its components, including the reasonably necessary means and methods to accomplish that function.

- 1.3 Improper Travel Reimbursement. When a Regent or an employee engages in travel for which compensation is to be received from any source other than System funds, he or she shall not submit a claim under the provisions of The Texas State University System travel regulations. A Regent or an employee who receives an overpayment for a travel expense shall reimburse The Texas State University System for the overpayment.
- 1.4 Travel Bonus (Frequent Flyer) Awards. Regents or employees who earn credit with airlines, hotels, car rental companies, etc. for official travel are not required to account for such credit or to use such for official travel only.
- 1.5 Official Travel by Spouses and Relatives of Regents or Employees. Spouses and other relatives of Regents or employees may qualify to have travel expenses paid by The Texas State University System if their presence at a function or on a trip is for an official purpose benefiting The Texas State University System and/or the State of Texas. In making a determination of whether the presence of a spouse or relative is for an official purpose, the factors to be considered are the nature and duties of the Regent's or employee's office, the traditional role, if any, of the spouse or relative, the purpose of the particular trip, and the spouse or relative's connection with that purpose.
- 1.6 Foreign Travel. A request by a Regent, System president, or System employee for travel outside of the United States, excluding Mexico or Canada, must be approved in advance by the Chancellor.
- 1.7 Reimbursement of Expenses. Verified expense accounts shall be submitted to the Chancellor or appropriate component official for processing and the same shall be subject to review and control of the Board.

2. CONFLICTS OF INTEREST.

- 2.1 Ethics Commission Financial Disclosure Statements. Each Regent, the Chancellor and the presidents of the components shall file a financial statement with the Texas Ethics Commission not later than April 30, each year in which such Regent, Chancellor or president has served in such capacity for any portion of the immediately preceding twelve (12) months on forms prescribed by the commission.

- 2.2 Contracts Prohibited. Except as provided below, neither the System nor a component thereof may enter into a contract in which a Regent or the Regent's spouse has a direct or indirect pecuniary interest.
- 2.3 Recusal Required for Certain Types of Contracts Involving Pecuniary Interests. If a Regent is a stockholder or director of a corporation seeking to enter into a contract with the System or a component thereof, but owns or has a beneficial interest in no more than five percent of the corporation's outstanding capital stock, the contract may be executed so long as it is an affiliation agreement, license (including a license of intellectual property), or sponsored research agreement, or it is awarded by competitive bidding or competitive sealed proposals. An interest owned by the Regent's spouse is considered to be a "beneficial interest." The affected Regent must disclose such interest in a public meeting of the Board of Regents and shall not vote on the contract or transaction.
- 2.4 Regent Disclosure of Personal or Private Financial Interest. A Regent who has a personal or private financial interest in a measure, proposal, or decision pending before the Board (other than a contract covered by *Paragraph 2.3* of this *Chapter*) shall disclose such interest in a public meeting of the Board, and such disclosure shall be entered in the minutes of the Board. The Board may consider such measure, proposal, or decision, but any Regent having such an interest shall not vote or otherwise participate in such deliberation or action of the Board. This procedure may not be utilized for contracts covered by *Section 2.3* of this *Chapter*.
- 2.5 Potential Conflict of Interest of Regent. As soon as possible after becoming aware of any potential conflict of interest, a Regent shall disclose such fact and any other relevant information to the Board and to the Vice Chancellor and General Counsel. In such an event, the Vice Chancellor and General Counsel shall review the potential conflict and issue an opinion.
- 2.6 Contracts with Nonprofit Corporations. The Board is not precluded from entering into contracts or other transactions with nonprofit corporations merely because a Regent also serves on the board of or is a member of the nonprofit corporation. Other factors and interests, such as pecuniary or personal interests, may require disclosure and recusal, as described above.
- 2.7 Disclosure of Interest in Property to be Acquired. Regents, the Chancellor and the president of the component are required to disclose

any legal or equitable interest in property that is to be acquired with public funds. Such disclosure must be made at least 10 days before the date the property is to be acquired by purchase or condemnation.

3. CODE OF ETHICS.

3.1 Prohibited Actions of Regents. A Member of the Board of Regents shall not:

- (1) Accept or solicit any gift, favor, or service that might reasonably tend to influence the Regent in the discharge of official duties or that the Regent knows or should know is being offered with the intent to influence the Regent's official conduct;
- (2) Accept employment or engage in a business or professional activity the Regent might reasonably expect would require or induce him or her to disclose confidential information acquired by reason of his or her official position;
- (3) Accept other appointments or any employment or compensation that could reasonably be expected to impair the Regent's independence of judgment in the performance of official duties;
- (4) Make personal investments that could reasonably be expected to create a substantial conflict between the Regent's private interest and the public interest;
- (5) Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed official duties in favor of another.

3.2 Prohibited Actions of Employees. An employee of The Texas State University System or any of its components shall not:

- (1) Accept or solicit any gift, favor or service that might reasonably tend to influence the employee in the discharge of official duties;
- (2) Use an official position to secure special privileges or exemptions for the employee or others, except as may be otherwise authorized by law;

- (3) Accept employment or engage in any business or professional activity which might reasonably be expected to require or induce the employee to disclose confidential information acquired by reason of such employee's official position or impair the employee's independence of judgment in the performance of public duties;
- (4) Disclose confidential information gained by reason of one's employment, or otherwise use such information for personal gain or benefit;
- (5) Transact any business in an official capacity with any business entity of which the employee is an officer, agent, or member or in which the employee owns a controlling interest unless the Board of Regents has reviewed the matter and determined no conflict of interest exists;
- (6) Make personal investments in any enterprise which could reasonably be expected to create a substantial conflict between the private interests of the employee and the public interests of his or her employer;
- (7) Receive any compensation for services as a state employee from any source other than the State of Texas, except as otherwise permitted by law;
- (8) Engage in any form of sexual harassment or racial harassment as defined in these *Rules and Regulations*.

4. BENEFITS, GIFTS AND HONORARIA.

- 4.1 Definitions. A "benefit" is anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare a Regent or an employee has a direct and substantial interest.
- 4.2 Bribery. A Regent or an employee shall not solicit, offer, or accept any benefit in exchange for his or her decision, opinion, recommendation, vote, or other exercise of official power or discretion.
- 4.3 Prohibited Benefits. A Regent or an employee shall not solicit, accept, or agree to accept any benefit from any person the Regent or employee

knows is interested in or is likely to become interested in any contract, purchase, payment, claim, or transaction involving the Regent's or employee's discretion. This prohibition does not apply to (1) gifts or other benefits conferred on account of kinship or a personal, professional, or business relationship independent of a Regent's or employee's status, respectively, as a member of the Board or as an employee; (2) a fee prescribed by law to be received by a Regent or employee or any other benefit to which he or she is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as a member of the Board or an employee of the System or a component; (3) a gift, award, or memento that is received from a lobbyist who is required to make reports under *Government Code, Chapter 305* and, (4) items having a value of less than \$50, not including cash or negotiable instruments. A Regent or an employee who receives an unsolicited benefit that he or she is prohibited from accepting by law may donate the benefit to a governmental entity that has the authority to accept the gift or may donate the benefit to a recognized tax-exempt charitable organization formed for educational, religious, or scientific purposes.

- 4.4 Food, Lodging, Transportation, and Entertainment Received as a Guest. A Regent or employee may accept food, lodging, transportation, or entertainment from persons or entities he or she knows or reasonably should know are interested in or likely to become interested in a contract, purchase, payment, claim, decision, or transaction involving the exercise of the Board's discretion only if the Regent or employee is a "guest" as defined by Texas law. A Regent or an employee is a "guest" if the person or a representative of the entity providing the food, lodging, transportation, or entertainment is present at the time the food, lodging, transportation, or entertainment is received or enjoyed by the Regent or employee. Regents, the Chancellor and the presidents of components are required to report any such benefits valued at over \$250 on their annual disclosure statements filed with the Texas Ethics Commission.
- 4.5 Gifts or Benefits From Friends, Relatives, and Associates. Regents and employees may accept gifts or benefits from personal friends, relatives, or business associates with whom they have a relationship independent of their official status, so long as the benefit is not offered in exchange for official action or decision.
- 4.6 Awards. Regents and employees may accept plaques and similar recognition awards.

- 4.7 Honoraria. Regents and employees may not solicit, accept, or agree to accept an honorarium in consideration for services they would not have been asked to provide but for their official position or duties. This prohibition includes a request for or acceptance of a payment made to a third party if made in exchange for such services. However, they may accept the direct provision of or reimbursement for expenses for transportation and lodging incurred in connection with a speaking engagement at a conference or similar event, provided the Regent's or employee's participation is more than merely perfunctory. Meals provided as a part of the event or reimbursement for actual expenses for meals may also be accepted.

5. POLITICAL ACTIVITIES.

- 5.1 Use of System Funds, Personnel or Property. No Regent shall expend or authorize the expenditure of any State appropriated funds for the purpose of influencing the outcome of any election, or the passage or defeat of any legislative measure.
- 5.2 Political Contributions. Regents may make personal contributions to candidates for office and political organizations, with one exception. A Regent may not expend more than \$100 for the cost of correspondence to aid or defeat the election of a speaker candidate.
- 5.3 Entertainment. If a System or component employee provides tickets to a public official to allow the official and/or his guests to attend an event, an officer or employee of the System or a component will serve as host to the official, and must attend the event.
- 5.4 Perishable Food Items. System or component employees may provide Public officials with small, infrequent gifts of perishable food items delivered to their offices. These are not considered to be "benefits" for purposes of the provisions of the *Penal Code* prohibiting such.
- 5.5 Expenses for Public Officials. System components may pay expenses in order to furnish information to state officials relevant to their official position, including presentations about the programs and services of The Texas State University System and its components.
- 5.6 Use of Official Authority Prohibited. No System or component employee may use his or her official authority or influence, or permit the use of a program administered by the System to interfere with or affect

the result of an election or nomination of a candidate or to achieve any other political purpose. No System or component employee may do any act or attempt to interfere with anyone who seeks to pay, lend, or contribute private funds or private property to a person or political organization for political purposes. Any System or component employee who violates either of these provisions is subject to immediate termination of employment, in accordance with the *Government Code*.

- 5.7 Use of System Funds or Property. No System or component employee shall expend or authorize the expenditure of any System or component funds for the purpose of influencing the outcome of any election, or the passage or defeat of any legislative measure. No System or component funds may be expended for the payment of full or partial salary of any employee who is also the paid lobbyist of any individual, firm, association, or corporation. System and component facilities may be used as polling places for local, state, and national elections.
- 5.8 Voting and Political Participation. As employees of the State of Texas, System and component employees have the rights of freedom of association and political participation guaranteed by the state and federal constitutions, except as limited by valid state laws. System and component employees shall be allowed sufficient time off to vote in public elections without a deduction from pay or from accrued leave time.
- 5.9 Political Campaign Events on System Property. The Chief Executive Officers of the components of The Texas State University System shall be responsible for promulgating rules for the regulation of political campaign meetings or speeches and other activities relating to political campaigns on property under their control. Such regulations shall be implemented by the Chancellor after approval by the Board of Regents.
- 5.10 Employees as Candidates and Officeholders. System and component employees may run for election and serve as members of the governing bodies of school districts, cities, towns, or other local governmental districts. No campaign activities may be conducted during official business hours unless the employee has requested and received permission to use leave time for such purpose. Any employee elected to such a position may not receive any salary for serving as a member of such governing bodies.
- 5.11 Political Contributions from Employees. System and component employees may make personal contributions to candidates for office and

political organizations, with the exception that no state employee may contribute personal services, money, or goods of value to a candidate campaigning for speaker of the Texas House of Representatives.

6. USE OF AUTHORITY.

- 6.1 Misapplication of Property. A Regent shall not intentionally or knowingly misapply anything of value belonging to the government that comes into the Regent's custody or possession by virtue of his or her office with the intent to obtain a benefit or to harm another.
- 6.2 Nepotism. Regents are prohibited from appointing, voting for, or confirming the appointment of any person related to such Regent within the third degree by consanguinity (blood) or within the second degree by affinity (marriage) when the salary or compensation for such person is to be paid from public funds. All employment decisions must be made in compliance with *Chapter V, Section 2.2* of the System's *Rules and Regulations*.
- 6.3 Misuse of Official Information. A Regent shall not, in reliance on information to which he or she has access in his or her official capacity and which has not been made public: (1) acquire or aid another in acquiring a pecuniary interest in any property, transaction, or enterprise that may be affected by the information; or, (2) speculate or aid another in speculating on the basis of such information.

7. DUAL OFFICE HOLDING.

- 7.1 Non-Elective State or Federal Office. System and component employees may hold non-elective offices with boards, commissions, and other state and federal entities provided that the holding of such office, (1) is of benefit to the State of Texas, or is required by state or federal law, and (2) is not in conflict with the employee's position. Such appointments must be approved by the responsible CEO of the component. Prior to the Chancellor's or a CEO's accepting an invitation to serve in an additional non-elective office, the Board of Regents must determine that the appointment meets the two requirements stated above. The Board must also make an official record of any compensation to be received by the Chancellor or CEO from such appointment, including salary, bonus, per diem or other types of compensation.

7.2 Positions of Employment with Government Agencies. System and component employees may hold other positions of employment with agencies, boards, commissions, or other entities of government so long as the holding of such positions is consistent with the prohibitions against dual office holding in the Texas Constitution. Special rules for multiple employments with the State are provided in *General Appropriations Act, Article IX, Section 9*. The person seeking dual employment must be informed of the special rules before that person becomes employed by more than one agency or institution. Consulting arrangements with federal, state, or local governmental agencies of a detached and independent advisory nature are not considered to be appointments with such agencies.

8. TRAINING.

8.1 Training of Regents. Each Regent shall receive training regarding the duties and obligations of the office as required by statute.

8.2 Training of Employees. The System Administration shall conduct, in even numbered years, training sessions for the personnel of each component responsible for ethics training in the various departments of such institutions. These training sessions will provide the trainees with the methods, policies and materials necessary to allow them to train each employee within their supervision or responsibility. Each component is responsible for training each employee in the provisions of this *Chapter VIII* of these *Rules and Regulations* each biennium. The CEO of each component will notify the Chancellor upon completion of the ethics training each biennium.