

05.700 System Administration and Institution Ethics and Standards of Conduct

05.701 Ethics and Conduct. The responsibility for educating and training the future leaders of the state and nation carries with it the duty to adhere to the highest ethical standards and principles. It is of the highest importance that the people of the State of Texas have complete confidence in the integrity of their public servants.

1. General Standards of Conduct. Officers and employees shall perform their duties and activities in conformity with applicable federal, state, and local laws, administrative rules, Regents Rules, and applicable policies of the System, the System Administration, or the Institutions. Officers and employees may be subject to disciplinary action for violation of this Regent Rule or a policy based on this Regents Rule.

a. Officers and employees shall not:

- i. accept or solicit any gift, favor, or service that might reasonably tend to influence the officer or employee in the discharge of official duties, or that the officer or employee knows or should know is being offered with the intent to influence the officer's or employee's official conduct;
- ii. intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed his or her official duties in favor of another;
- iii. disclose confidential information, information that is excepted from public disclosure under the Texas Public Information Act, or information that has been ordered sealed by a court, that was acquired by reason of the officer's or employee's official position, or accept other employment, including self-employment, or engage in a business, charity, nonprofit organization, or professional activity that the officer or employee might reasonably expect would require or induce the officer or employee to disclose confidential information, information that is excepted from public disclosure under the Texas Public Information Act, or information that has been ordered sealed by a court, that was acquired by reason of the officer's or employee's official position;

- iv. accept other employment, including self-employment, or compensation or engage in a business, charity, nonprofit organization, professional or other outside activity that could reasonably be expected to impair the officer's or employee's independence of judgment in the performance of the officer's or employee's official duties or otherwise interfere with an officer's or employee's duties and responsibilities to the System Administration or an Institution;
- v. make personal investments or have a direct or indirect personal, financial or other interest, or engage in a business transaction or professional activity, or incur any obligation that is in substantial conflict with the proper discharge of the officer's or employee's duties or that could reasonably be expected to create a substantial conflict between the officer's or employee's private interest and the public interest;
- vi. utilize state time, property, facilities, or equipment, or other resources for any purpose other than official state business, unless such use is reasonable and incidental and does not result in any direct cost to the State of Texas or the System Administration or an Institution, interfere with the officer's or employee's official duties, or interfere with the functions of the System Administration or an Institution;
- vii. utilize his or her official position, or state issued items, such as a badge, indicating such position for financial gain, obtaining privileges, or avoiding consequences of illegal acts;
- viii. act as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services or property to the System, System Administration or to the Institution;
- ix. knowingly make misleading statements, either oral or written, or provide false information, in the course of official state business;
- x. engage in any political activity while on state time or utilize state resources for any political activity; or
- xi. engage in actions that would create the appearance that he or she is violating the law, these Regents Rules, or System Administration or Institution policies and procedures.

- b. Officers and employees shall:
 - i. perform official duties in a lawful, professional, and ethical manner; and
 - ii. report any conduct or activity that the officer or employee believes to be in violation of this ethics policy, or in violation of Regents Rule 04.1100, *Reporting Suspected Wrongdoing*, or Regents Rule 10.700, *Fraud Policy*.
- c. Former officers and employees who participated on behalf of the System Administration or an Institution in a procurement or contract negotiation involving an individual or business entity may not accept employment from the individual or business entity before the second anniversary of the date the contract is signed or the procurement is terminated or withdrawn.

2. Conflicts of Interest, Conflicts of Commitment and Outside Activities. State officers and employees shall not have direct or indirect interests or commitments, including financial and other interests and commitments, engage in business transactions or professional activities or other outside activities, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the officer's or employee's duties in the public interest. The primary responsibility of each officer and employee of the System Administration and the Institutions shall be to accomplish the duties and responsibilities assigned to that position. In order to implement this Regents Rule and strengthen the faith and confidence of the people of the State of Texas in the integrity of officers and employees of the System Administration and Institutions, the Board requires the following:

- a. Ethics Commission Financial Disclosure Statements. The Chancellor and each President must file a financial statement with the Texas Ethics Commission annually using forms prescribed by the commission.
- b. Disclosure of Interest in Property to be Acquired. The Chancellor, Vice Chancellors, Associate and Assistant Vice Chancellors, the President of each Institution, Vice Presidents, and Associate and Assistant Vice Presidents are required to disclose any legal or equitable interest in property that is to be acquired with public funds. Such disclosure shall be made by filing an affidavit containing specific information as required by Texas Government Code §553.002.
- c. Policies Governing Conflicts of Interest, Conflicts of Commitment and Outside Activities. The System Administration and each

Institution shall adopt policies governing conflicts of interest, conflicts of commitment, and outside activities that are in conformance with this Regents Rule and §51.9337(c) of the Texas Education Code. The policy governing an officer's or employee's outside activities shall clearly delineate the nature and amount of permissible outside activities and shall include processes for disclosing outside activities and for obtaining and documenting approval to perform the activities.

d. Contracts Prohibited.

i. The System and each Institution are prohibited from entering into a contract for the purchase of goods or services with a private vendor with whom any of the following persons have a financial interest:

- 1) The chancellor, a president, the general counsel, the chief procurement officer or a procurement director; or
- 2) Any person related to an officer or employee described above within the second degree of affinity (marriage) or consanguinity (blood), as determined under Chapter 573 of the Texas Government Code.

ii. A person has a "financial interest" in a private vendor if the person:

- 1) Owns or controls, directly or indirectly, an ownership interest of at least one percent in the private vendor, including the right to share in profits, proceeds, or capital gains; or
- 2) Could reasonably foresee that a contract with the private vendor could result in a financial benefit to the person.

iii. A "financial interest" prohibited by this section does not include a retirement plan, a blind trust, insurance coverage, or an ownership interest of less than one percent in a corporation.

iv. The prohibition from entering into a contract does not apply to contracts for the purchase of goods or services if the amount of purchase is less than \$25,000.

e. Conflict of Interest Disclosure Statement. The chancellor, a president, the general counsel, the chief procurement officer and the

procurement director(s) must file a disclosure statement providing notification of financial interests held by the officer or employee and the officer or employee's family relations using the form prescribed by the Vice Chancellor for Finance. This notification is a continuing obligation and the designated officer or employee must promptly submit a new or amended statement when there is a change in information previously reported or there is new information to report.

- f. Conflict of Interest Disclosure Obligation for Officers and Employees Involved in Procurement or Contract Management. Officers and employees involved in procurement or contract management for the System or an Institution are required to disclose potential conflicts of interest with respect to contracts or bids for the purchase of goods or services from a private vendor that are known by the employee or official at any time during the procurement process, from the initial request for bids for the purchase of goods or services until the completed final delivery, or during the term of the contract with the private vendor. Disclosures shall be made using a form prescribed by the Vice Chancellor for Finance. For the purpose of implementation of this Regents Rule, the System shall adopt a regulation applicable to the System Administration and the Institutions which defines "officers and employees involved in procurement or contract management" and "potential conflict of interest."
3. Travel. Employees shall comply with the requirements of the Travel Regulations Act, Chapter 660 of the Texas Government Code, rules adopted by the Comptroller, travel provisions of the General Appropriations Act, other applicable federal and state laws, these Regents Rules, and System Administration and/or Institutions policies when seeking travel payments or reimbursements.
4. Benefits, Gifts, and Honoraria. A "benefit" is anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare the employee has a direct and substantial interest.
 - a. The following benefits, gifts, and honoraria are prohibited:
 - i. Bribery. No employee may solicit, offer, or accept any benefit in exchange for his or her decision, opinion, recommendation, vote, or other exercise of official power or discretion. A benefit that is otherwise allowed by System Administration or Institution policy is nevertheless prohibited if it is offered in exchange for official action as described above.

- ii. Benefits From Interested Persons. An employee who exercises discretion in connection with contracts, purchases, payments, claims, and other pecuniary transactions of government may not solicit, accept, or agree to accept any benefit from any person the employee knows is interested in, or is likely to become interested in, any contract, purchase, payment, claim, or transaction involving the employee's discretion.
 - iii. Handling Unsolicited Gifts. System Administration employees shall disclose to the Chancellor through their Vice Chancellor, and Institution employees shall disclose to the President through their chair or department head, any gift received in the course of official business that has a value of more than \$250. The Chancellor or President shall make such disclosure to the Board.
- b. Employees may accept the following benefits, gifts, and honoraria:
- i. Gifts Valued at Less Than \$50. An employee may accept non-cash items of less than \$50 in value when the gift is not offered in exchange for an official action or decision.
 - ii. Benefits from Friends, Relatives, and Associates. An employee may accept a benefit from a person such as a friend, relative, or business associate with whom he or she has a relationship independent of his or her status as an employee if the benefit is given on account of that relationship rather than the employee's official status and not offered in exchange for official action or decision.
 - iii. Payment for Goods or Services. An employee may accept a payment for which he or she gives legitimate consideration in a capacity other than as a public servant. The use of the term "legitimate consideration" means that the payment the employee receives must reflect the actual value of the services or goods the employee provides in exchange for the payment. An employee providing goods and services for payment in a capacity other than as a public servant may be required to report such activities in accordance with applicable outside employment policies of the System Administration or the Institutions.
 - iv. Food, Lodging, Transportation, or Entertainment. An employee may accept benefits in the form of food, lodging, transportation, or entertainment in any amount if the

employee accepts such benefits as a “guest.” In order for the employee to accept something as a “guest,” the donor must be present when the benefit is conferred.

- v. Honoraria. An employee may not solicit, accept, or agree to accept an honorarium in consideration for services if the employee would not have been asked to provide the services but for his or her 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. Employees may, however, 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. Meals provided as a part of the event or reimbursement for actual expenses for meals may also be accepted. In order to receive reimbursement, the employee’s participation in the event must be more than merely perfunctory.
- vi. Awards. Employees may accept plaques and similar recognition awards.
- vii. Benefits and Lobbyists. Employees may accept certain gifts, awards, and mementos from persons required to register as lobbyists. “Gift” in this context does not include food, entertainment, transportation, or lodging if the lobbyist is present at the event. Lobbyists may provide an employee with transportation and lodging only in connection with a fact-finding trip related to the employee’s official duties or in connection with an event, such as a conference, at which the employee will be providing “more than perfunctory” services in his or her official capacity.

5. Political Activities. Employees shall not:

- a. Engage in any political activity while on state time or utilize state resources for any political activity;
- b. Use official authority or influence or permit the use of a program administered by the System, the System Administration, or an Institution to interfere with or affect the result of an election or nomination of a candidate or to achieve any other political purpose;
- c. Use appropriated money to employ, as a regular full-time or part-

time or contract employee, a person who is required by Chapter 305 of the Texas Government Code to register as a lobbyist;

- d. Use or authorize the expenditure of appropriated money to pay, on behalf of the System Administration or an Institution, membership dues to an organization that pays part or all of the salary of a person who is required by Chapter 305 of the Texas Government Code to register as a lobbyist (this rule does not apply to the payment of membership fees under Chapter 81 of the Texas Government Code); or
- e. Use or authorize the expenditure of appropriated money to pay lobbying expenses incurred by: (1) the recipient of the money, (2) a person or entity that is required to register with the Texas Ethics Commission under Chapter 305, (3) any partner, employee, employer, relative, contractor, consultant, or related entity of a said person or entity, or (4) a person or entity that has been hired to represent associations or other entities for the purpose of affecting the outcome of legislation, agency rules, ordinances, or other government policies.

6. Political Office.

- a. Non-Elective Office. An employee may hold a non-elective public office with a board, commission, or other state, political subdivision, or federal entity if the holding of such office benefits the State of Texas or is required by state or federal law. The holding of such office must not conflict with the employee's duties with the System Administration or an Institution.
- b. Elective Office. An employee may serve as a member of the governing body of a school district, city, town, or other local governmental district if he or she receives no salary for serving as a member of the governing body and such a position does not conflict with the employee's duties with the System Administration or an Institution.

7. Use of Authority.

- a. Misapplication of Property. Employees shall use government property only for government purposes, not personal or private purposes.
- b. Misuse of Official Information. It is a violation of state law if an employee, 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) acquires or aids another to acquire a pecuniary interest in any property, transaction, or enterprise that may be affected by the information; (2) speculates or aids another to speculate on the basis of the information; or (3) discloses or uses the information with the intent to obtain a benefit or harm another.

05.702 Ethics Policy. The System Administration and each Institution shall adopt an ethics policy that outlines federal and state law requirements applicable to their employees as well as the requirements of Regents Rule 05.700. The policy shall include the following:

1. a procedure for employees to report ethical violations;
2. guidance on the use of institutional resources; and
3. training requirements that provide for the regular training of officers and employees on ethical obligations, the ethics policy and this Regents Rule.

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