



## University of Oregon

### Policy Statement

#### 3.095 Personnel Practices

**Title:** Potential Conflicts of Interest

**Purpose:** To set forth the University's policy on interactions between University employees and organizations external to the University of Oregon.

**Preamble:** Oregon Revised Statutes (ORS) 244.020(8) defines 'potential conflict of interest' as follows: "Any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which would be to the private pecuniary benefit or detriment of the person or a member of the person's household, or a business with which the person or a member of the person's household is associated, unless the pecuniary benefit or detriment arises out of the following: a) An interest or membership in a particular business, industry, occupation, or other class required by law as a prerequisite to the holding by the person of the office or position. b) Any action in the person's official capacity which would affect to the same degree a class consisting of all inhabitants of the state, or a smaller class consisting of an industry, occupation, or other group including one of which or in which the person or a member of the person's household or business with which the person is associated, is a member or is engaged."

The University of Oregon's policy on potential conflicts of interest uses the definition set forth above. It also implements and incorporates by reference, Internal Management Directives (IMD's) 4.005 and 4.010, adopted by the State Board of Higher Education on April 20, 1990 and as amended September 27, 1991.

#### I. INTRODUCTION

Teaching and research are the primary functions of the University and are nourished by efficient and imaginative administration. Service to the community and nation is an inherent obligation. These four--teaching, research, administration, and public service -- are essential features of academic life at the University of Oregon.

The contributions of University employees, and faculty members in particular, are not, however, measured solely by activities directly related to University programs. The objectives of the University are served and its programs enriched by the active participation of its employees in outside activities that contribute to the advancement of the employee's profession or provide an opportunity for professional growth through interaction with industry, business, government, and other institutions of our society.

The University recognizes the contributions and achievements its faculty by appropriate promotion and salary advancement and permits them substantial freedom in arranging their academic lives. This freedom is, however, subject to the principle that the primary professional

loyalty of a full-time member of the faculty is to the University. The potential magnitude of outside professional activity is such that orderly procedures must be followed to avoid ethical and legal conflicts of interest and to ensure that such activities do not conflict with the proper discharge of University responsibilities.

This document provides general guidance as to the distinction between outside professional activities that can be engaged in freely, and others that require consideration of possible incompatibility with University obligations. The goal is not to limit creative interaction between University employees and the outside community, but to provide an ethical framework within which such interaction can flourish. Thus, the outside activities that are subject to special consideration include many that are strongly encouraged by the University. Approval of such activities is an official acknowledgment that they enhance the quality and prestige of the University.

This document is not intended to provide specific rules covering all possible situations, but rather to establish the spirit in which professionally related interactions with external organizations should be undertaken. It picks out for special emphasis those areas in which particularly difficult situations could arise, but, in general, it recognizes that personal responsibility, integrity, and high ethical standards are the principal deterrents of conflicts of interest. The safeguards against abuse are the standards required by professional colleagues and the rigorous process by which the University evaluates and selects individuals for appointment and promotion.

## II. TIME COMMITMENT TO OUTSIDE ACTIVITIES

In general, a full-time faculty member may engage in outside activities related to his or her University responsibilities one day in each seven-day week during periods of full-time employment. A part-time faculty member is allowed to devote to such outside activities a proportionate amount of the faculty member's FTE. A reasonable amount of averaging the time allowance over the quarters or semesters of an academic year is permissible, provided that it does not unduly interfere with the faculty member's primary responsibilities to the University. If outside activities are covered by the exemptions in Section III below, no prior review or approval is required. Prior approval is required for any outside activities that exceed this standard of time.

For other University employees, any outside activities requiring time away from work may be undertaken only with the permission of the employee's immediate supervisor.

## III. ACTIVITIES NOT REQUIRING PRIOR APPROVAL

The following describe types of outside activities in which University employees may engage without prior review and approval by the University.

### A. Professional Affiliations

Consistent with meeting obligations to the University, University employees are encouraged to participate in scholarly, professional, and philanthropic activities outside the University. It is thus appropriate for University employees to accept invitations to serve on advisory bodies or public commissions related to their academic or professional work, as well as to travel to other institutions or conferences for the purpose of presenting lectures, leading seminars or workshops, or visiting the laboratories of colleagues.

Such affiliations, if uncompensated except for expenses and nominal honoraria, are not subject to the "one day in seven" time limitation that is applicable to faculty members.

#### B. Limited Consulting

University employees are allowed to engage in limited outside consulting work without prior approval. To assure the University that the ability of the individual to discharge in full his or her obligations to the University is not impaired when undertaking outside consulting activities, however, the following principles shall apply:

(1) University employees shall not engage in outside consulting work to the detriment of their University obligations.

(2) The time devoted to consulting work shall not exceed the one-day-in-seven standard as defined in Part II, above.

(3) No engagement that involves a conflict of interest as defined by applicable state law or University policies shall be accepted without review and prior approval.

(4) To aid the state in the development of its resources, industries and quality of life, the University's employees, as part of their official duties, may consult and cooperate with public officials on matters of mutual interest or of public benefit, especially on problems that require the research facilities of the University.

(5) Official University stationery shall not be used in private outside work. A University employee may, however, use personal stationery or other letterheads carrying his or her University title and may sign reports and letters pertaining to outside work over an official title, so long as it is clear that the University title is used for

identification only.

#### C. Outside Activities

Outside activities unrelated to university responsibilities and undertaken by faculty on personal time, regardless of whether compensated, are not subject to these Board of Higher Education and institution policies. However, if the faculty member, while on personal time, engages in outside activities which create a potential conflict of interest, the faculty member must provide written disclosure thereof in accordance with IV and V below.

### IV. ACTIVITIES REQUIRING PRIOR APPROVAL

#### A. Definition of Activities Requiring Approval

Activities requiring approval do not include those described in Section III, above. The following describe types of outside activities in which University employees may engage if the University has granted approval.

- (1) Acceptance of compensation from, or ownership of substantial equity in, an enterprise that carries on activities closely related to the University employee's area of work;
  - (2) Service in a line management position in such a commercial enterprise or participation in the day-to-day operations of such a commercial enterprise;
  - (3) Service in a key, continuing role in a private or outside public entity.
- (4) Principal investigators and other key personnel (those directly involved in the conduct and reporting of results) must declare the following in proposals submitted on behalf of the University of Oregon:

(a) Any 'significant financial interest' ◆◆ anything of monetary value including but not limited to salaries, payments (e.g. consulting fees or honoraria), equity (e.g. shares of ownership) or intellectual property rights (e.g. receipt of royalties from patents and licenses) exceeding \$10,000 a year in income or, represent more than a 5% stake ◆ from or in an enterprise where that interest may compromise, or have the appearance of compromising, an investigators' professional judgment in conducting or reporting research. Included are the financial interests of researchers' spouses and dependent children.

(b) Any 'significant personal interest' ◆ anything of monetary value including but not limited to gifts, favors, consulting relationships or other personal considerations exceeding \$10,000 a year where that interest may compromise, or have the appearance of compromising, an investigators' professional judgment in conducting or reporting research. Also included are personal interests of researchers' spouses and dependent children.

#### B. Procedure for Approval

A University employee wanting to engage in an activity requiring approval shall submit to his or her immediate supervisor (e.g., department or unit head, dean, or director) a written disclosure and request for approval of the activity.

The immediate supervisor shall recommend approval or disapproval of the request, and within 10 days of the submission, forward his or her recommendation to the appropriate vice president, along with a written rationale for the recommendation. At the same time, the recommending supervisor shall also send copies of the package to the dean of the school or college or the director of the unit, if that officer is not the approving supervisor, and to the Vice President for Research, if that officer is not the appropriate vice president. The appropriate vice president to consider a University employee's request for approval is the vice president with administrative responsibility for the activities of the University employee's home department or organizational unit.

For those Activities Requiring Prior Approval described in Section IV (4) above:

All principal investigators submitting proposals through the Office of Research Services and Administration will be required to declare (at proposal submission) whether activities defined in that proposal implicate a significant financial or personal interest on the part of principal investigators or key personnel.

Those declaring a significant financial or personal interest will be required to file a disclosure to the Vice-President for Research and Graduate Studies.

The Vice-President for Research and Graduate Studies in consultation with faculty and administrative officers of the University (as appropriate) will determine whether the significant financial or personal interest represents a potential conflict.

Where a potential conflict of interest is determined, the Vice-President for Research and Graduate Studies will recommend one of the following:

(1) that no action be taken when disclosed interests are determined to implicate no risk to the research;

(2) that the research be monitored by independent reviewers or research plans be modified when disclosed interests are determined to implicate manageable risk to the research;

(3) that no proposal be submitted unless affected principal investigators and key personnel withdraw from proposal or elect to divest themselves of interests in potential conflict when those interests are determined to implicate unmanageable risk to the research.

Examples:

Example 1. A faculty member in the Chemistry Department who is also a member of the Institute of Molecular Biology, applies for a recommendation for approval of an outside activity from the head of the Chemistry Department. Courtesy suggests consultation with the head of the Institute, as well.

The Chemistry Department head sends information copies of his/her recommendation to the Vice President for Research and to the Dean of the College of Arts and Sciences, and forwards a copy to the Vice President for Academic Affairs for decision.

Example 2. An employee in the Center on Human Development applies for a recommendation for approval from the Associate Dean of Special Education and Rehabilitation. The Associate Dean sends information copies of his/her recommendation to the Vice President for Research and to the Dean of the College of Education, and forwards a copy to the Vice President for Academic Affairs for decision.

Example 3. A counselor in the University's Counseling Center applies for a

recommendation for approval from the Director of the Counseling Center. The Director of the Counseling Center sends information copies of his/her recommendation to the Vice Provost for Academic Support and Student Services and the Vice President for Research and forwards a copy to the Vice President for Academic Affairs for decision.

Example 4. The Office Manager in the Materials Science Institute applies for a recommendation for approval from the Director of the Institute. The Director forwards a copy to the Vice President for Research for decision. No other information copies are required.

Upon receipt of their information copies, the Vice President for Research and the dean or director should share any concerns they may have about the supervisor's recommendation, with the appropriate vice president. Such advice should be in writing.

Within 10 days of receiving a written disclosure and request for approval, the vice president must communicate his or her decision on the request in writing to both the faculty member and the Vice President for Research.

#### C. Requirements for Written Disclosure and Request for Approval

The University employee's written disclosure and request for approval of an activity requiring approval shall fully describe the:

- (1) Type of work or consulting to be provided;
- (2) Nature of the relationship;
- (3) Potential conflicts of interest;
- (4) Short- or long-term commitment of time and effort including the amount of time, if any, in excess of the one-day-in-seven standard as defined in Part II, above.
- (5) Expected benefits to the outside entity, University employee, and University;
- (6) Use of University facilities and support personnel, if any, and the method of reimbursing the University for both direct and indirect costs, if the University approves such use; and
- (7) Nature of any financial arrangements pertaining to compensation, including equity ownership and other forms of economic value provided to the University employee or any immediate member of the University employee's family.
- (8) Measures proposed to manage potential conflicts and reduce their risk to the research, sponsor and University.

#### D. Criteria for Reviewing Requests for Approval

The outside activity must be appropriate to the mission of the University; that is, it must promise significant contributions to scholarship and knowledge and, when possible, provide appropriate opportunities for students. In judging the

appropriateness of a contemplated outside activity, the supervisor should be satisfied that the activity meets the specific criteria listed below. The written disclosure provided under Section C, above, shall be the basis of this determination.

(1) The facts and circumstances indicate that the University employee's financial involvement with the sponsoring organization will not affect the conduct of research in accordance with University policies and the highest professional standards.

(2) The University's interests will be maintained despite any interest of the University employee in the sponsor.

(3) The outside activity will lead to the advancement of knowledge and is not of a routine nature or solely of benefit to the sponsor.

(4) The outside activity will contribute to the University's mission of teaching, research, and public service.

(5) If commercial privileges are to be granted to a particular sponsor, it is clear that the best interests of the University and the public will in fact be served by this arrangement.

(6) A faculty member's total average time commitment to outside activities should not exceed the limit of one day per seven-day week, unless the supervisor determines that the activity will provide extraordinary benefit to both the University and the University employee. The supervisor shall document in writing the rationale for approving any request to exceed the one-day-in-seven standard.

(7) There must be no anticipated distortion of academic programs. Involvement with external enterprises must in no way undermine the morale or academic integrity of the University.

(8) Care must be taken to insure the intellectual freedom and intellectual property rights of any member of the University community. To this end, consistent with prudent and diligent steps to protect intellectual property through the patent or copyright process, there must be free access to the results of all research conducted at the University. Moreover, the intellectual property of students must be protected.

(9) There must be no excessive or inappropriate use of University facilities or support personnel, and the

University employee must provide written assurance that the full cost of any approved use of such facilities or personnel will be reimbursed to the University.

(10) Except under extraordinary circumstances, holding of a line management position or participation in day-to-day operations within an external enterprise should not be approved for full-time employees. Usually, the only condition under which the employee might remain at the University while carrying out such activities is if his or her appointment

is reduced by a fraction consistent with the level of activities. However, this restriction should not discourage the early, exploratory phases of entrepreneurial activity. For instance, management of a fledgling commercial enterprise might be judged consistent with full-time University employment.

#### E. Appeal by University Employee

A University employee dissatisfied with the decision of the vice president regarding her or his own request for approval of an outside activity may appeal that decision by writing to the President of the University. The President may reverse, affirm, or modify the decision. Within 30 days of receiving the written appeal, the President shall communicate his or her decision to the appealing University employee, to the appropriate vice president, and to the Vice President for Research. The decision of the President shall be in writing and shall include an explanation of the President's reasons for the decision. No further appeal is available.

#### F. Confidentiality

Within the constraints imposed by State Law, a University employee's request for approval and the written disposition of that request shall be made a part of the University employee's confidential personnel record.

### V. AREAS OF SPECIAL CONCERN

#### A. Research Activities Undertaken in Collaboration with the Private Sector Must be Appropriate to the University

If collaborative research is undertaken with the private sector, it must be appropriate to the mission of the University. That is, the research must promise significant contributions to scholarship and knowledge and, when possible, provide educational opportunities for students. An appropriate research project is one that exhibits the following qualities:

- (1) The principal investigator's financial involvement with the sponsoring organization will not affect the conduct of research in accordance with University policies and the highest professional standards. Section IV (A) (4) and Section IV (B) above describe additional definitions, reporting and approval procedures pertinent to research proposals.
- (2) The University's interests will be maintained despite any interest of the principal investigator in the sponsor.
- (3) The research project will lead to the advancement of knowledge

rather than to routine testing that is of primary benefit to the sponsor.

(4) The research project will contribute to the University's mission of teaching, research, and public service.

(5) If commercial privileges are to be granted to a particular sponsor, it is clear that the best interests of the University and the public will in fact be served by this arrangement.

#### B. Collaboration with External Organizations Must Not Interfere with the Intellectual Environment at the University

The University environment should promote the free exchange of ideas, information, and materials among students and faculty in all of their forums--classrooms, laboratories, and at meetings,

anywhere within the University. In addition, consistent with prudent and diligent steps to protect intellectual property through the patent or copyright process, the formal dissemination of information through publication should proceed efficiently.

#### C. Relations Between Senior and Junior Faculty Should Not Be Influenced Adversely by Interactions with the Private Sector

The involvement of junior members of the faculty with external organizations may or may not be important to their professional development. Senior faculty may be able to assist junior faculty in developing such activities by offering potential opportunities to them and by giving them advice with respect to both technical and ethical issues. It is essential, however, that participation in external ventures not lead to loss of the senior faculty's objectivity in judging junior faculty in issues of promotion and tenure. Objectivity could be compromised by collaboration between junior and senior faculty in external enterprises or by expectations that junior faculty should or should not participate in such activities.

#### D. The Possible Effects on Students of Interactions Between Faculty and External Organizations Should be Carefully Assessed

Part-time involvement of graduate or undergraduate students in the external activities of faculty may, under certain conditions, offer the potential for substantial benefits to the education of the student. In each case of such involvement, however, approval should be given explicitly by the department head/chair or immediate supervisor after thorough discussion with the University employee and student.

In considering such arrangements, University employees should be guided by the need to avoid conflicts of interest and to avoid infringement of the student's academic duties and rights. For example, if the outside work is related to the student's thesis, special care always must be taken to avoid conflicts that might hinder the student's progress, delay acceptance of his/her thesis, or lead to altered examination standards.

### VI. REPORTING REQUIREMENTS

It is important to record specific instances of professional involvement in external organizations in

order to monitor the extent of such interactions and to assess their impact on the primary functions of the University. Because the nature of faculty participation in the private sector differs greatly among disciplines and departments, the details of the most appropriate reporting method must be developed and maintained by each unit individually. At a minimum, each unit shall submit to the appropriate dean or vice president (see IV (B), above):

- A. Copies of all disclosure statements and requests for approval of activities required by IV (B) and (C), above, and
- B. Copies of written statements of approval or disapproval of all such requests by University employees for approval of outside activities requiring approval, including in each statement the reasons for approval or disapproval.

Some centralization is necessary to ensure that information for the entire University is gathered, and that its format allows ready interpretation outside the unit where it originated. Therefore, by the end of each Fall term, the Vice President for Research and Graduate Studies will forward to the Office of the President a summary of the previous academic year's approvals and disapprovals of faculty requests to conduct outside activities requiring approval as well as any changes to the policy for use by the President in making the required report to the Chancellor's Office.

#### VII. REPORT TO THE CHANCELLOR

The University President shall report to the Chancellor's Office by August 31 of each year any change in University policy on outside activities and evidence of procedures followed in monitoring faculty and family acceptance of compensation and equity for outside activities of the University employee.

#### VIII. SANCTIONS

Failure of a University employee to comply with these University policies and procedures concerning outside activities shall be considered "cause" as defined in Oregon Administrative Rule (OAR) 580-21-325(1)(c), or under any applicable collective bargaining agreement, or other administrative rule. In accordance with OAR 580-21-320, sanctions for cause include oral or written warning or reprimand, removal from an assigned post and reassignment, suspension for a period not to exceed one year, and termination. Sanctions more severe than oral or written warning or reprimand shall be imposed in accordance with the procedure in OAR 580-21-325 through 580-21-385. Sanctions for non-academic employees are determined through progressive discipline and under any applicable collective bargaining agreement.

#### IX. REVIEW OF RULES AND GUIDELINES

The President and the Vice President for Academic Affairs, in consultation with an appropriate faculty committee, shall review these Rules and Guidelines in light of the practice under them and with a view toward their possible revision, no later than two years following their adoption and implementation.

Supersedes all previous issues

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