

3.300 Board Ethics and Standards of Conduct

3.301 Board 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. Members of the Board shall perform their duties and activities in conformity with applicable federal, state, and local laws, administrative rules, and these Regents Rules, and may be subject to disciplinary action for violation of this Regents Rule.

a. A member of the Board:

- i. shall not accept or solicit any gift, favor, or service that might reasonably tend to influence the member in the discharge of official duties, or that the member knows or should know is being offered with the intent to influence the member's official conduct;
- ii. shall not 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. shall not 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 member's official position, or accept other employment, including self-employment, or engage in a business, charity, nonprofit organization, or professional activity that the member might reasonably expect would require or induce the member 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 member's official position;

- iv. shall not accept other employment, including self-employment, or compensation or engage in a business, charity, nonprofit organization, or professional activity that could reasonably be expected to impair the member's independence of judgment in the performance of the member's official duties;
  - v. shall not make personal investments, or have a personal or financial interest, that could reasonably be expected to create a substantial conflict between the member's private interest and the public interest;
  - vi. shall not use System resources for unauthorized purposes or in an unreasonable manner;
  - vii. shall not act as an agent for another person in the negotiation of the terms of any agreement relating to the provision of money, services, or property to the System;
  - viii. shall not engage in any political activity while on state time or utilize state resources for any political activity;
  - ix. shall promptly report any conduct or activity that the Board member believes to constitute fraud, waste or abuse or to be in violation of any Regents Rule. Reports shall be made to the Chairman of the Board, the Chancellor and the Vice Chancellor and General Counsel, unless the conduct or activity being reported has to do with any of these parties, in which case the report shall be made to the other parties;
  - x. shall participate in regular training on ethical obligations and this Regents Rule;
  - xi. shall participate in an intensive short orientation course as required by Texas Education Code 61.0841 that is developed by the Texas Higher Education Coordinating Board, and training sponsored or coordinated by the Office of the Governor, on the first opportunity after taking the oath of office. No member of the Board appointed on or after January 1, 2016, may vote on a budgetary or personnel matter until the intensive short course is completed.
- b. Former members of the Board who participated on behalf of the System or an Institution in a procurement or contract negotiation involving an individual or business entity may not accept

employment from that individual or business entity before the second anniversary of the date the member's service with the System ceased.

2. Conflicts of Interest. State officers and employees shall not have direct or indirect interests, including financial and other interests, engage in business transactions or professional 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. 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 persons serving on the Board of Regents, the Board requires the following:
  - a. Ethics Commission Financial Disclosure Statements. Members of the Board must file a financial statement with the Texas Ethics Commission annually using forms prescribed by the commission.
  - b. Contracts Prohibited. Except as permitted by Regents Rule 03.301.2(c) below, the System may not enter into a contract in which a member of the Board has a direct or indirect pecuniary interest. An "indirect pecuniary interest" includes an interest owned by a member of a Board member's family.
  - c. Contracts with Business Entities. If a member of the Board has an interest in a business entity, the System is not prohibited from entering into a contract or other transaction with that business entity if:
    - i. The affected member's interest in the business entity is not a substantial interest; or
    - ii. The affected member has a substantial interest in the business entity, and the affected member discloses such interest in a public meeting of the Board. Such disclosure shall be entered into the minutes of the meeting. The Board may consider such contract or other transaction, but the affected member shall not vote or otherwise participate in such deliberation or action of the Board. Any such contract or transaction requiring Board approval must be approved by an affirmative majority of the members voting on the contract or transaction.

All contracts or transactions with a business entity in which a member of the Board has a substantial interest shall be presented to the Board for approval irrespective of any exemption, Rule or policy to the contrary.

A “business entity” is any entity recognized by law through which business is conducted, including a sole proprietorship, partnership, firm, corporation, limited liability company, holding company, joint stock company, receivership, or trust.

A member of the Board has a “substantial interest” in a business entity if:

1. the member owns one percent or more of the voting stock or shares of the business entity or owns either one percent or more or \$15,000 or more of the fair market value of the business entity;
2. funds received by the member from the business entity exceed one percent of the member’s gross income for the previous year;
3. the member is an officer of the business entity or a member of the governing board of the business entity; or
4. an individual related to the member in the first degree by consanguinity or affinity, as determined under Chapter 573 of the Texas Government Code, has an interest in the business entity as described in (1) – (3) above.

- d. Disclosure of Personal or Private Interest. A member of the Board who has a personal or private interest in a measure, proposal, or decision pending before the Board, other than a contract in which the member has a pecuniary interest, shall disclose such interest in a public meeting of the Board, and such disclosure shall be entered in the minutes. The Board may consider such measure, proposal, or decision, but any member of the Board 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 in which a member of the Board has a pecuniary interest.
- e. Disclosure of Potential Conflict of Interest. A member of the Board shall disclose any potential conflict of interest and any other relevant information to the Chairman and the Vice Chancellor and General Counsel as soon as possible after becoming aware of the potential conflict. In such an event, the Vice Chancellor and General Counsel shall review the potential conflict and render an opinion.
- f. Contracts with Nonprofit Corporations. The Board is not precluded from entering into contracts or other transactions with nonprofit

corporations merely because a member of the Board 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 in this Regents Rule.

- g. Disclosure of Interest in Property to be Acquired. Members of the Board 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.

3. Travel.

- a. Travel Reimbursement from Appropriated Funds. Members of the Board 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, and other applicable federal and state laws when seeking travel payments or reimbursements from public funds.
- b. Travel Reimbursement from Institutional Funds. The Board shall adopt rules as necessary to administer and control travel expense payments and reimbursements from Institutional funds as required by Texas Government Code § 660.004.

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 member has a direct and substantial interest.

- a. The following benefits, gifts, and honoraria are prohibited:
  - i. Bribery. No member of the Board 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 these Regents Rules is nevertheless prohibited if it is offered in exchange for official action as described above.
  - ii. Benefits From Interested Persons. As public servants who exercise discretion in connection with contracts, purchases, payments, claims, and other pecuniary transactions of government, a member of the Board may not solicit, accept, or agree to accept any benefit from any person the member knows is interested in, or is likely to become interested in,

any contract, purchase, payment, claim, or transaction involving a member's discretion.

- iii. Handling Unsolicited Gifts. A member of the Board who receives an unsolicited benefit that he or she is prohibited from accepting by law may return the benefit, donate the benefit to a governmental entity that has the authority to accept the gift, or donate the benefit to a recognized tax-exempt charitable organization formed for educational, religious, or scientific purposes.
- b. Members of the Board may accept the following benefits, gifts, and honoraria:
- i. Gifts Valued at Less Than \$50. A member of the Board 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. A member of the Board 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 a member if the benefit is given on account of that relationship rather than his or her official status and not offered in exchange for official action or decision.
  - iii. Payment for Goods or Services. A member of the Board 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 member receives must reflect the actual value of the services or goods the member provided in exchange for the payment.
  - iv. Food, Lodging, Transportation, or Entertainment. A member of the Board may accept benefits in the form of food, lodging, transportation, or entertainment in any amount if the member accepts them as a "guest" and reports them if there is an applicable reporting requirement. In order for the member to accept something as a "guest," the donor must be present.
  - v. Honoraria. A member of the Board may not solicit, accept, or agree to accept an honorarium in consideration for services if the member 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. Members 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. Participation by a member must be more than merely perfunctory.

- vi. Awards. Members of the Board may accept plaques and similar recognition awards.
- vii. Benefits from Lobbyists. Members of the Board 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 a member with transportation and lodging only in connection with a fact-finding trip related to his or her official duties or in connection with an event, such as a conference, at which the member will be providing “more than perfunctory” services in his or her official capacity.

- 5. Reporting Requirements. Members of the Board are required to report the following benefits, gifts, and honoraria:
  - a. Members of the Board shall disclose to the Chairman any benefit received in the course of official business having a value of more than \$250.
  - b. Members of the Board are required to report on their personal financial statement to the Texas Ethics Commission the acceptance of gifts worth more than \$250, except for gifts from a member’s immediate family or from a lobbyist required to report the gift. Members also must report on their personal financial statement acceptance of meals, transportation, or lodging provided in connection with a speech or other services provided in their official capacity.
- 6. Political Activities. Members of the Board 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 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.

7. Use of Authority.

- a. Misapplication of Property. Members of the Board shall use government property only for government purposes, not personal or private purposes.
- b. Nepotism.
  - i. Members of the Board are prohibited from appointing, voting for the appointment of, or confirming the appointment of any person to a position that is directly or indirectly compensated from public funds if the person is related to the member within the degree specified by Texas Government Code § 573.002. In addition, a member may not take such action on behalf of any individual who is related to the member within the specified degree.



- ii. Regents Rule 3.301.7(b)(1) does not apply if the person who is related to the member has been continuously employed in the office or position for at least thirty days prior to appointment or employment of the member. If the related person continues in such a position, the member may not participate in any deliberation or voting on the appointment, reappointment, confirmation, employment, re-employment, change in status, compensation, or dismissal of the related individual if that action applies only to that individual and is not taken regarding a bona fide class or category of employees.
  
- c. Misuse of Official Information. It is a violation of state law for a member of the Board, in reliance on information to which he or she has access in his or her official capacity and which has not been made public to: (1) acquire or aid another to acquire a pecuniary interest in any property, transaction, or enterprise that may be affected by the information; (2) speculate or aid another to speculate on the basis of the information; or (3) disclose or use the information with the intent to obtain a benefit or harm another.

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