

POLICY ON FINANCIAL CONFLICT OF INTEREST AND NEPOTISM

(This policy supersedes Policy Statements 05-10, 01-13, and 99-15.)
This policy statement was recommended by the Academic Senate on March 7, 2019 and approved by the President on May 14, 2019.

1.0 INTRODUCTION

This policy is based on the February 2017 revision of the Conflict of Interest Handbook prepared by the Office of General Counsel of the California State University (“Conflict of Interest Handbook”) and the 2004 CSU Chancellor’s Office Revised CSU Nepotism Policy, technical letter HR-2004-18 (“CO Nepotism Policy”). The Conflict of Interest Handbook is based largely on the Political Reform Act of 1974. Violations of the Conflict of Interest Code are punishable by disciplinary action (Government Code § 91003.5), civil action (§ 91004 et seq.), and criminal prosecution (§ 91000), regardless of how the parties involved interpret this policy, and even if they are unaware of the policy’s existence.

2.0 CONFLICT OF INTEREST

2.1 Definitions

2.1.1 Conflict of Interest

CSU conflict of interest code “flows from the basic premise that it is a violation of the public trust for public employees to benefit personally from their public positions” (Conflict of Interest Handbook, p.1). Conflict of interest happens when employees make, participate in making, or in any way try to use their official positions to influence a decision in which they know or have reason to believe they have a financial interest (ibid.). An employee has a conflict of interest “[i]f it is foreseeable the employee will be involved or influence a university decision that will affect any of [the] five kinds of economic interests” listed in 1.1.2 (ibid., p.2).

2.1.2 Financial Interest

For purposes of this policy, an economic or financial interest is

- (1) Any business entity in which the employee has a direct or indirect investment worth \$2,000 or more, including ownership of stock by the employee or the employee’s spouse or dependent child.
- (2) Any real property in which the employee has a direct or indirect interest worth \$2,000 or more. The employee’s home is not included in this calculation but any other investment property would be.

- (3) Any source of income that provides \$500 or more in value promised to, or received by, the employee within 12 months prior to the time when the decision is made.
- (4) Any business entity in which the employee is a director, officer, partner, trustee, employee, or holds any position of management.
- (5) Any donor of, a gift or gifts totaling \$470 or more, received, or promised to the employee within 12 months prior to the decision being made. Meals, travel costs, or anything else of value are included in the \$470. (This amount is tied to a consumer price index and is occasionally adjusted.) (Conflict of Interest Handbook, p.2)

2.1.3 Exceptions

For purposes of this document conflict of interest does *not* include reassigned time, teaching and classroom assignments, committee assignments, and any other work duties, assignments, or other responsibilities unless they provide grantors more than \$500 of additional income beyond their regular salaries, or other outcomes specified in section 2.1.2.

2.2 Actions

Where a conflict of interest or its appearance exists, the employee must

- (1) publicly announce the financial interest creating the conflict, and
- (2) disqualify himself or herself from involvement in the decision. (Conflict of Interest Handbook, p.2)

2.2.1. Notification

At a minimum, announcement of a conflict requires that employees notify their direct supervisor in writing. The supervisor should consult with Faculty Affairs to see if additional actions are necessary by law.

2.2.2 Scope

Note that “[e]ven where the specific criteria [are] not met and a true conflict of interest does not exist, CSU employees should be sensitive to the appearance of conflict, and should carefully consider whether to participate in a decision-making process...” (Conflict of Interest Handbook, p.2). The Conflict of Interest Handbook outlines additional specific actions employees should take when the potential for conflict of interest exists.

3.0 NEPOTISM

It is CSULB policy to seek the most qualified candidates for all appointments and promotions through appropriate search procedures. There shall be no restrictions to the appointment of immediate family members in administrative, faculty, or staff employment categories, in the same or different units or departments so long as the following provision is met: No CSU employee shall vote, make recommendations, or in any way participate in decisions about any personnel matter which may directly affect the selection, appointment, evaluation, retention, tenure, compensation, promotion, termination, other employment status or interest of an immediate family member.

This section discusses implementation of the provision (CO Nepotism Policy).

3.1 Definitions

3.1.1 Nepotism

Nepotism is favoritism shown to immediate family members.

3.1.2 Immediate family member

An immediate family member is a close relative including parent, child, grandparent, grandchild, sibling, uncle, aunt, nephew, niece, first cousin, spouse, registered domestic partner, step-parent, step-child, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, and by guardianship and/or adoption or a person residing in the immediate household except live-in household employees or roomers (ibid.).

Relatives of domestic partners shall be treated as relatives of spouses (ibid.).

3.2 Conditions

Special nepotism provisions come into play under the following conditions:

- (1) The individual to be appointed is to be assigned to a position under the supervision or control of an immediate family member who has, or may have, a direct effect on the individual's progress or performance (ibid.);
- (2) The individual to be appointed is to be assigned to work for the same immediate supervisor as another immediate family member (ibid.); or
- (3) If a change in circumstances occurs so that an employee is now an immediate family member in one of the conditions noted above.

3.3 Provision Implementation

3.3.1 Provisions

3.3.1.1 Special written provisions must be approved by the head of the organizational unit (such as Dean, Director, or Associate Vice President) before the individual may be appointed (ibid.).

3.3.1.2 The special written provisions shall include a plan to ensure that personnel matters including evaluation, retention, tenure, promotion, wages, hours and other terms and conditions of employment will not be decided based on the relationship as an immediate family member. The plan should include a provision that the head of the organizational unit will review all decisions on personnel matters (ibid.).

3.3.1 Investigation

3.3.2.1 The head of the organizational unit shall be responsible for investigating concerns about favoritism involving members of the same immediate family.

EFFECTIVE: Immediately