Date: February 20, 2002

To: CSU Presidents

From: Jackie R. McClain
Vice Chancellor
Human Resources

Subject: 2002 CONFLICT OF INTEREST FILING PROCESS

This memorandum serves as a reminder that all designated employees on your campus must file Conflict of Interest Statements by April 1, 2002. Employees in newly designated positions are required to file an “Initial Statement” within 30 days from the effective date of appointment. Conflict of Interest filing is a campus-designated responsibility. We are pleased to announce that your campus’ Designated Position List was approved by the Fair Political Practices Commission (FPPC) for use in this year’s filing process. Your campus may use this list to update designated position changes.

Due to the increasing number of substantive changes to campus Designated Position lists as a result of added and eliminated positions and disclosure category changes, effective immediately, we have adopted the following annual update process:

1. Each campus will be required to submit Designated Position list changes to the Chancellor’s Office by May 15th. Designated Position list changes received after the May 15th deadline will be processed in the following year.

2. The Chancellor’s Office will present the proposed Conflict of Interest Code changes to the Board of Trustees for adoption in July.

3. The Chancellor’s Office will submit the adopted Conflict of Interest Code to the FPPC for review and approval in September.

4. The approved Conflict of Interest Code will be used for the following year’s filing.

As a reminder, the Chancellor’s Office does not need to be notified when the filing process is completed. However, please provide your revised Designated Position list to

Distribution:

With Attachments: Conflict of Interest Filing Officers

All Without Attachments:
Vice Presidents, Academic Affairs
Associate Vice Presidents/Deans, Faculty Affairs
Vice Presidents, Administration
Vice Presidents, Information Systems
Vice Presidents/Deans of Students

Business Managers
Human Resources Directors
Payroll Managers
General Counsel
Director, SOSS
this office. The following information is included with your campus’ Conflict of Interest Filing Officer’s copy of this memo to assist in the annual filing process:

- “Limitations and Other Restrictions on Gifts, Honoraria, Travel and Loans Fact Sheet” (revised January 2001) summarizes the major provisions concerning gifts, honoraria, travel and loans.
- “2001-2002 Form 700 Statement of Economic Interests” (schedules and instructions). Filing Officers are requested to ensure that the date a completed individual disclosure statement is received is indicated in the official date stamp box located in the upper right hand corner of Form 700. Copies can be reproduced locally for designated employees at your campus. Form 700 can also be accessed electronically via the Internet at: http://www.fppc.ca.gov.

- “Principal Investigator’s Statement of Economic Interests” (Form 730-U) and “Instructions for Statement of Economic Interests for Principal Investigators”. Form 730-U should be made available to employees “with principal responsibility for a research project funded or supported, in whole or in part, by the contract or grant (or other funds earmarked by the donor for a specific research project, or for a specific researcher) from a non-governmental entity.”

- CSU Disclosure Category Listing. Attachment A identifies the seventeen (17) disclosure categories and highlights each category’s potentially applicable Form 700 schedule(s) in bold print.

- 2002 Designated Position List (Attachments B and B-1):
  √ Campuses are responsible for reviewing their Designated Position List to ensure that appropriate campus positions are disclosed in accordance with CSU’s disclosure categories.
  √ Campuses are requested to review carefully their designated position list to determine whether or not existing positions on campus require incorporation. Please verify that your list is complete in scope and accurately reflects current job titles and disclosure categories for warranted campus positions.
  √ Attachment B-1 is provided as a sample format for notification to this office of designated position list changes.

Systemwide Human Resources will continue to operate in an advisory capacity and serve as liaison between the Fair Political Practices Commission and the campuses. If you have any questions, please contact Felice Bakre at (562) 951-4410. This Human Resources letter is also available on the Human Resources Administration’s web page at: http://www.calstate.edu/HRAdm/memos.shtml.
To be completed for all research projects which have been or will be funded, in whole, or in part: (1) through a contract or grant of $250 or more with a non-governmental entity; or (2) by a gift from a non-governmental entity which is earmarked by the donor for a specific research project or a specific principal investigator, provided the amount of the gift, or the aggregate over a 12 month period, from the same donor is $250 or more.

Title of Research Project: 

Name of Principal Investigator: 

Department: 

The California State University at: 

A. Provide the following information about each non-governmental entity which will fund (or has funded) this project, in whole or in part:* 

   Name of entity: 

   Address of entity: 

   Principal business of entity: 

   Amount of funding: $ Estimated Actual 

B. This statement is: 

   [ ] Application Statement: This is an application for initial funding or for renewal of funding for the research project. 
   [ ] Project Completion Statement: The research project expired on: 

C. Are you a director, officer, or partner, trustee, or employee of, or do you hold any position of management in, any entity listed in A? 

D. Do you, or does your spouse or dependent child, have: 

   1. An investment of $1,000 or more in any entity listed in A above? 
      [ ] No [ ] Yes – value does not exceed $10,000 
      [ ] Yes – value exceeds $10,000 but does not exceed $100,000 
      [ ] Yes – value exceeds $100,000 

   2. Income (including any payment, such as salary or consulting fees) of $250 or more received from any entity listed in within the last 12 months? (Do not include any salary or summer salary paid by the University with funds provided by an entity listed in A.) 
      [ ] No [ ] Yes – value does not exceed $1,000 
      [ ] Yes – value exceeds $1,000 but does not exceed $10,000 
      [ ] Yes – value exceeds $10,000 

* If more space is needed for listing multiple entities, add these on a separate piece of paper labeled “Section A, continued” and attach to this form.
3. Gifts from any entity listed in A of $50 or more?

   _____ No  _____ Yes – describe gift and state value

4. Outstanding loans

   a. Loans** received from any entity listed in A for which the outstanding balance has exceeded $250 in the past 12 months?

      _____ No  _____ Yes – amount owed did not exceed $1,000
      _____ Yes – amount owed exceeded $1,000 but does not exceed $10,000
      _____ Yes – amount owed exceeded $10,000

   b. If you answered yes (any yes box checked) to 4a:

      Was the loan ________ secured or ________ unsecured
      What was the interest rate of the loan? ________ %
      Was the loan entirely repaid within the past 12 months? ________ No ________ Yes

E. If you listed more than one entity in A, and have answered yes to C or to any question in D, indicate in which entity you, your spouse or dependent child has each financial interest disclosed.

** Do not include a loan from commercial lending institution made in the ordinary course of business on terms available to the public without regard to the official status if the loan: (1) was used to purchase your principal place of residence, or (2) is less than $10,000 including indebtedness from an installment, sale or contract.

VERIFICATION

I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE USED ALL REASONABLE DILIGENCE IN PREPARING THIS STATEMENT AND TO THE BEST OF MY KNOWLEDGE IT IS TRUE AND COMPLETE.

EXECUTED ON ___________________________ 20___ AT ___________________________ (Location)

SIGNATURE: ___________________________

All of the information on this form is mandatory, is required by the provision of the Political Reform Act, Government Code Sections 81000.et.seq., and will be available to any member of the public upon request. This information is to be used to reveal to public scrutiny certain financial interests of public officials and employees in order to disclose potential conflicts of interest and to aid in the prevention of actual conflicts of interests.
INSTRUCTIONS FOR
STATEMENTS OF ECONOMIC INTERESTS
FOR PRINCIPAL INVESTIGATORS

What Is a Statement of Economic Interests?

A Statement of Economic Interests is a form mandated by the State of California Fair Political Practices Commission on which principal investigators disclose certain financial interests. A Statement of Economic Interests is also called a financial disclosure statement in Trustee policy and related guidelines.

Why Must a Statement of Economic Interests Be Completed and What Must Be Disclosed?

FSR 86-05 and State regulations mandated by the Fair Political Practices Commission under the Political Reform Act (2 California Code of Regulations Section 18703-18703.5) require that a principal investigator must disclose whether or not he or she has a direct or indirect financial interest in the sponsor of research which is funded in whole or in part:

1. through a contract or grant of $250 or more with a non-governmental entity; or
2. by a gift from a non-governmental entity which is earmarked by the donor for a specific research project or a specific principal investigator, provided the amount of the gift, or the aggregate over a 12-month period, from the same donor is $250 or more.

When an interest of a principal investigator in the sponsor is disclosed, a campus committee must review whether the contract, grant, or gift can be accepted.

When Must Statements of Economic Interests Be Filed?

Disclosure statements must be filed:

1. before final acceptance of the above type of a contract, grant, or gift;
2. when funding is renewed; and
3. within 90 days after expiration in the case of a contract or grant, or after funds have been completely expended in the case of a gift.

Where to Send Completed Statements of Economic Interests

Send to: __________________________________________

Will the Statements Be Available to the Public?

Yes, State law indicates that the completed statements will be open to public inspection.

What to Disclose

When a principal investigator has a reportable financial interest in a sponsor of research, the required financial disclosure statement shall contain:

1. disclosure of income
   a. the name and address of the sponsor and a general description of the business activity, if any, of the sponsor;
   b. a statement whether the aggregate value of income from the sponsor or, in the case of a loan, the highest amount owed to the sponsor, was at least $250 but did not exceed $1,000, whether it was in excess of $1,000 but was not greater than $10,000, or whether it was greater than $10,000;
   c. in the case of a gift, a description of and the amount of the gift; and
   d. in the case of a loan, the annual interest rate and the security, if any, given for the loan.

2. disclosure of equity or ownership interest and disclosure of position in sponsor

   When an investment or equity (ownership) interest is required to be disclosed, or when the principal investigator is a director, officer, partner, trustee, employee, or holds any position of management, the disclosure statement shall contain:
   a. a general description of the business activity in which the sponsor is engaged;
   b. a statement whether the fair market value of the investment or interest exceeds $1,000 but does not exceed $10,000, whether it exceeds $10,000 but does not exceed $100,000, or whether it exceeds $100,000; and
   c. the position held in the entity by the principal investigator.
What Is a “Financial Interest”?  

A “financial interest” in the sponsor of research means:

1. a direct or indirect investment in the sponsor worth more than $1,000;
2. a position as director, officer, partner, trustee, employee of or any other position of management in the sponsor;
3. income from the sponsor, including consulting income aggregating $250 or more in value, or $50 if the income was a gift, received by or promised to the principal investigator within 12 months prior to the time the award is made. (For the purposes of this policy, “income” is further defined as in Gov. Code Section 82030.)

What is an “Indirect Investment” or “Indirect Financial Interest”? 

A principal investigator has an “indirect financial interest” or “indirect investment” in a sponsor if:

1. his or her spouse or dependent child has a financial interest in the sponsor; or
2. his or her spouse or dependent children own directly, indirectly, or beneficially a 10 percent interest or greater in any business entity or trust which has a financial interest in the sponsor of the research.

What is an “Equity (Ownership) Interest”?  

For the purposes of this policy, an “equity (ownership) interest” shall be an investment of more than $1,000 in the sponsor by the principal investigator, his or her spouse, or dependent children.

What is a Gift?  

“Gift” means, except as provided below, any payment to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status. The term “gift” does not include:

1. informational material such as books, reports, pamphlets, calendars or periodicals. No payment for travel or reimbursement for any expenses shall be deemed “informational material”;
2. gifts which are not used and which, within 30 days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes;
3. gifts from an individual’s spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, sister-in-law, nephew, aunt, uncle, or first cousin or the spouse of any such person; provided that a gift from any such person shall be considered a gift if the donor is acting as an agent or intermediary or any person not covered by this paragraph;
4. any devise or inheritance;
5. hospitality involving food, beverages or lodging provided by an individual in his or her home to any public official filing a statement of economic interests; and
6. exchanges between a public official filing a statement of economic interests and an individual other than a lobbyist on holidays, birthdays, or similar such occasions. This provision does not apply to the extent that the gifts received by the public official exceed in value the gifts that he or she has given.

What is Income?  

“Income” means, except as provided below, a payment received, including but not limited to any salary, wage, advance, dividend, interest, rent, proceeds from any sale, gift, including any gift of food or beverage, loan, forgiveness or payment of indebtedness received by the filer, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse income also includes an outstanding loan. Income of an individual also includes a pro rata share of any income of any business entity or trust in which the individual or spouse owns, directly, indirectly, or beneficially, a 10% interest or greater.

Violations  

Failure to file the required Statement of Economic Interests or failure to report a financial interest may subject a principal investigator to civil and criminal liability, including fines, as well as University discipline. (Government Code Sections 8100-910140)

Who to Contact if You Need More Information?
CSU CONFLICT OF INTEREST
DISCLOSURE CATEGORIES and RELATED SCHEDULES

CATEGORY "1":  [Schedules: B]

Interests in real property located in whole or in part within the master plan of the campus or which in the future foreseeably may be included in the master plan of the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employee's service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University.

CATEGORY "2":  [Schedules: B]

Interests in real property which within the last two years have been the subject of a lease or license with the campus for valuable consideration or have been otherwise made the subject of a contract with the campus for valuable consideration of which in the future foreseeably may be so leased, licensed, or otherwise made the subject of a contract with the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office.

CATEGORY "3":  [Schedules: A-1, A-2, B, C, D, E, F]

Interests in real property and investments and business positions in business entities, and income from sources located in whole or in part within two miles of the campus or within two miles of any land owned or used by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University.

CATEGORY "4":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the campus to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office or any or all of these.
CATEGORY "5":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the campus to provide supplies, materials, including books and periodicals, equipment, services or work of the type utilized by the school, department, or area for which the designated employee has decision-making authority or for which the designated employee participates in the making of the decision. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the Headquarters office or any of all of these.

CATEGORY "6":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the campus to purchase agricultural commodities or other products which are sold by the campus. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service.

CATEGORY "7":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the campus to perform construction work within the estimated cost limitation provided in the first paragraph of Public Contract Code Section 10705 or to perform services in connection with such construction work or which, within the last two years, has contracted or in the future foreseeably may contract as a subcontractor or supplier for such construction work or which, within the last two years, has contracted or in the future foreseeably may contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean each campus of the California State University and the headquarters office or any or all of these.

CATEGORY "8":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the California State University to perform construction work under the California State University Contract Law (Public Contract Code Section 10700 et seq.) or to perform services in connection with such construction work or which, within the last two years, has contracted or
in the future foreseeably may contract as a subcontractor or supplier for such construction work or has contracted or in the future foreseeably may contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.

CATEGORY "9":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source in which, within the last two years, the campus has invested funds or which in the future the campus foreseeably may invest funds. For designated employees of a campus of the California State University, "the campus" shall mean the campus of the employees' service. For designated employees in the headquarters office, "the campus" shall mean the headquarters office.

CATEGORY "10":  [Schedules: B]

Interests in real property which within the last two years have been the subject of a lease or license with the headquarters office for valuable consideration or otherwise have been made the subject of a contract with the headquarters office for valuable consideration or which in the future foreseeably may be so leased, licensed, or otherwise made the subject of a contract with the headquarters office.

CATEGORY "11":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the headquarters office to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the headquarters office.

CATEGORY "12":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the headquarters office to provide supplies, materials, including books and periodicals, machinery, equipment, services or work of the type utilized by the office, division, or area for which the designated employee has decision-making authority or for which the designated employee participates in the making of the decision.

CATEGORY "13":  [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the headquarters office to perform construction work within the estimated cost limitation provided
in the first paragraph of Public Contract Code Section 10705 or to perform services in connection with such construction work or which, within the last two years, has contracted or in the future foreseeably may contract as a subcontractor or supplier for such construction work or which, within the last two years, has contracted or in the future foreseeably may contract with a service contractor to perform services in connection with such construction work pursuant to a separate contract with the service contractor.

CATEGORY "14": [Schedules: A-1, A-2, C, D, E, F]

Investments and business positions in any business entity or income from any source which, within the last two years, has contracted or in the future foreseeably may contract with the campus to provide supplies, materials, machinery, equipment, services or work where the contract has been reviewed or in the future foreseeably may be reviewed by the office, area, or division in the headquarters office to which the designated employee is assigned. "The campus" as used herein shall mean each campus of the California State University and the headquarters office or any or all of these.

CATEGORY "15": [Schedules: B]

Interests in real property which within the last two years have been the subject of a lease or license with the headquarters office for valuable consideration or otherwise have been made the subject of a contract with the headquarters office for valuable consideration or which in the future foreseeably may be so leased, licensed or otherwise made the subject of a contract with the headquarters office. "Headquarters office" as used in this category shall mean the office, section, or area of the headquarters office concerning which the designated employee has decision-making or decision-participating authority.

CATEGORY "16": [Schedules: Form 730-U]

All investments in, income from, and business positions in, any private, nongovernmental entity which will be providing funds, or, in the case of a project completion statement, has provided funds, to support, in whole or in part, the research project for which the filer is the principal investigator. (The required disclosure shall be made on Form 730-U).

CATEGORY "17": [Schedules: on a case-by-case basis]

Consultants shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The Chancellor or President as appropriate may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this category "17". Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure.
requirements. The Chancellor or President's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.
CAMPUS:

I. New Positions

Title:  Disclosure Category:

II. Job Title Changes (Disclosure Category does NOT change):

From:  To:

III. Disclosure Category Changes:

Job Title:  From:  To:

IV. Eliminated Positions

Title:  Disclosure Category