

Revised Outside Employment Disclosure
Requirements for MPP and Executive Employees

**Outside Employment Disclosure Policy for MPP and Executives
Frequently Asked Questions**

1. Who is required to report outside employment?

All MPP and Executive employees, whether part-time or full-time, are required to complete the Outside Employment Disclosure Form even if they do not have any outside employment to report (see Attachments A and B).

2. What are MPP and Executive employees expected to report?

MPP and Executive employees are expected to report outside work for which the employees are being compensated and result in reportable income. "Reportable income" is any work for which a W-2 or 1099 is issued.

3. When must MPP and Executive employees disclose outside employment?

MPP and Executive employees must disclose outside employment under the following instances:

- **At the time of hire or appointment** — Prospective MPP and Executive employees must disclose all current outside employment as a precondition of hire.
- **Annually** – All MPP and Executive employees must submit an annual disclosure by **July 15** of each year, reporting on outside employment held the previous calendar year (January 1 through December 31).
- **Within 30 days of accepting outside employment** – Employees must advise their supervisor of the outside employment opportunity within 30 days of accepting any outside employment.
- **Upon Request** – Employees shall provide any requested information within 10 days of an appropriate administrator's request.

4. Why are there outside employment disclosure requirements for MPPs and Executives?

The need to report compensatory outside employment initially resulted from a California State Auditor (CSA) finding on CSU Compensation Practices and a Board of Trustees Resolution approving the addition to Title 5 of the California Code of Regulations. In April 2016, the CSU renewed its commitment to the State Legislature and the public to improve its policy, transparency, and accountability by revising the outside disclosure requirements for MPP and Executive employees. New requirements were also enacted under the Budget Act of 2016, signed into law by Governor Brown in June 2016. This policy update honors CSU's commitment to the Legislature and complies with the Budget Act of 2016.

5. Why are there two separate forms for reporting?

The Outside Employment Disclosure Form for Senior Management Employees (Attachment B) is a detailed reporting form that is required for all Executive employees and Vice Presidents. Attachment A (Outside Employment Disclosure Form for MPP Employees) is for all other MPP employees.

6. Who is considered "Senior Management"?

Senior Management, for the purpose of this policy, includes the Chancellor, Executive Vice Chancellors, Vice Chancellors, Presidents, and Vice Presidents.

7. Why must outside employment for Senior Management be disclosed publicly?

It is required under the Budget Act of 2016.

8. Are Vice Presidents required to submit both forms (Attachment A and Attachment B)?

No, Vice Presidents are only required to submit Attachment B.

9. Are prospective MPP/Executive employees required to submit the Form even if they do not have outside employment?

Yes, the policy requires all prospective MPP and Executive employees to complete the Disclosure Form even if he/she does not have outside employment to report.

10. If an MPP employee works one or two days only on an outside employment engagement, do they have to report it under this policy?

Yes, as stated in the policy, "MPP and Executive employees are expected to report any and all outside work for which the employees are being compensated." Any work that results in reportable income (for which a 1099 or W-2 is issued) must be reported, no matter the time commitment.

11. If an MPP/Executive employee accepts an honorarium for giving a speech or presentation, does it have to be reported as outside employment?

Yes. MPP/Executive employees are required to report all outside work for which they receive compensation. As a reminder, an employee may not accept an honorarium from a reportable source (i.e., a source the employee will be required to disclose on an annual Form 700 Statement of Economic Interest). Cal. Govt. Code §89502.

12. Does the supervisor have the ability to tell the employee that the outside employment is a conflict and they cannot do the work?

Yes. The appropriate administrator has the authority to advise the individual that his/her outside employment conflicts with CSU employment, and that the conflict can no longer continue.

If so, can the employee be disciplined or discharged if they do not comply with the policy?

Noncompliance and violations of this policy will be subject to corrective action, consistent with how the CSU addresses any policy violations and will depend on the severity of the conduct.

13. Is documentation required to support that the outside employment "interfered with normal work assignments" or affected "satisfactory performance"?

As with any disciplinary action and/or unfavorable performance review, these situations must be documented appropriately and in the same manner. Campus performance evaluation/assessment procedures should support these actions.

14. When administrators sign the Disclosure Form that employees submit, are they actually approving the outside employment?

Yes, only if the administrator is reviewing it for Senior Management employees. For MPP employees, the administrator's signature confirms that the administrator has reviewed the employee's outside employment and has determined that no conflict of commitment or conflict of interest exists.

15. What happens if the employee refuses to provide the information?

The administrator should acknowledge, sign, and indicate on the disclosure form that the employee refused to sign the form. Further action will be required to evaluate the employee on failure to adhere to a policy requirement.

16. What is "too much" outside employment?

"Too much" outside employment is one that interferes with CSU work assignments and employee performance.

17. If the work that is being performed does not conflict with the employee's work for the CSU and does not occur during CSU business hours, is this still reportable?

Yes.

18. If the employee is not performing work but is receiving passive income (e.g., royalty payments) for service(s) performed in the past, does this need to be disclosed?

No.

19. If the industry in which outside employment is being performed has no affiliation with the CSU, is it still reportable?

Yes.

20. What constitutes a conflict of commitment?

A conflict, in the context of this policy, means any outside work that conflicts with an employee's ability to perform normal CSU work assignments, maintain satisfactory performance, and meet his/her responsibilities to the CSU. Please refer to the "Determining Conflicts of Commitment" section of the policy for further information.

21. Where are completed forms filed, in the employee's personnel file or a separate file?

Completed forms shall be kept in a separate file and maintained in a fashion that allows Systemwide HR to efficiently access these files in the event of an audit.

22. Exactly what must the MPP disclose about his/her outside employment?

For MPP employees (excluding Senior Management), the Disclosure Form only requires the information about the nature of outside employment held, time commitment, and expected duration. "Nature" in this context can be used to categorize the role or category of employment services being performed (e.g., supervisor, president, manager, consultant). Senior Management employees have a separate and more comprehensive disclosure requirement.

23. What if the employee does not agree with the perception of work conflict?

The appropriate CSU administrator is responsible for determining if a work conflict exists, made in consideration of the employee's CSU work assignments and performance. If the employee does not agree that there is a conflict of commitment, it should be noted in the outside employment disclosure form and escalated to the next level of review, which will involve an independent review committee. See "Document Review – MPP Employees (excluding Senior Management)" and "Document Review and Approval – Senior Management Employees" sections in the policy for more information.

24. Will the Chancellor be asking the Presidents to report outside employment?

Yes. This policy applies to all Executive and MPP employees, including the campus presidents. The Chancellor will administer the policy to Presidents.

25. Why do campuses have to report outside employment of their presidents and vice presidents to the Chancellor's Office?

The CA State Legislature requires the Chancellor's Office to report outside employment activities of Senior Management employees publicly on an annual basis. The Chancellor's Office will maintain a public website reporting the outside employment endeavors of these individuals, and will be requiring campuses to report this information to the Chancellor's Office annually by **July 31**.

26. What is required on the annual report submitted to the Chancellor's Office?

The report shall include the percentage of MPP employees with outside employment at the campus, detailed disclosure of all outside employment activity for Senior Management, and any additional information as requested by the Systemwide HR office. Annual reminders will be sent from Systemwide HR detailing the required contents of the report.

27. Will my Outside Disclosure Form be posted on the internet?

The Chancellor's Office Systemwide HR will be responsible for maintaining a public website reporting the outside employment endeavors of Senior Management employees. All forms are public records and subject to production under the California Public Records Act.