The Disqualification Rule of the California Political Reform Act

All University employees, even if they are not Statement of Economic Interest (Form 700 & 700-U) filers, are subject to the disqualification rule of the Political Reform Act (“Act”). This is consistent with one of the purposes of the Act, which is to prevent the personal interests of public employees from influencing the decisions they make for their agencies.

The General Disqualification Rule: University employees are required to disqualify themselves from making, participating in making or influencing University decisions in which they have a disqualifying conflict of interest. (2 Cal. Code of Regs. §18700.)

For example, if you are involved in the selection process for a University RFP, and you are on the Board of Directors of a for-profit company that plans to submit a bid in response to the RFP, you may have to disqualify yourself from participating in the RFP selection process.

A. What is a Financial Interest under the Act?

There are many complex rules on how to determine whether you have a disqualifying conflict of interest. The Political Reform Act’s disqualification rule depends upon the effect a UC decision will have on an employee’s financial interests. Only certain types of financial interests of a UC employee will trigger a disqualification analysis under the Act, and merely having one of these interests does not automatically disqualify you from a UC decision. As a starting point for when you need to consider whether you should disqualify yourself from a decision, the following list describes financial interests under the Political Reform Act (Cal. Gov’t Code § 87103; 2 C.C.R. § 18705.5). If one of the following could be affected by a University decision that you make, participate in, or influence, you may need to disqualify yourself from making, participating or influencing that decision:

1. Any person or organization that gave or promised you income totaling $500 or more within twelve months prior to the University decision;

2. Any person or organization that gave or promised you gifts totaling $440 or more within twelve months prior to the University decision;

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1 Certain decisions made by those with teaching or research responsibilities are exempt from the General Disqualification Rule. This exemption applies only to teaching decisions and to certain decisions related to pursuing and carrying out a course of academic study or research (though in those cases, disclosure and institutional review of financial interests related to the decision may be required). (2 Cal. Code of Regs. §18702.4(c)(1)(B) and (c)(2).)
3. Any real property in which you or your spouse or domestic partner or dependent children have an interest worth $2,000 or more;

4. Any business entity in which you are a director, officer, partner, trustee, or employee, or hold any position of management;

5. Any business entity in which you or your spouse or domestic partner or dependent children have an investment worth $2,000 or more;

6. Your personal finances (and those of you or your spouse or domestic partner or dependent children) – if these personal expenses, income, assets or liabilities are likely to go up or down by $250 or more in a 12-month period as a result of the University decision. (Cal. Gov't Code § 87103; 2 C.C.R. § 18705.5)

B. What does it mean to Make, Participate, or Influence a University decision?

1. Making a Decision (2 Cal. Code of Regs. §18702.1.)
   • Among other things, making a University decision includes voting on a matter, appointing a person to a position, or entering into a contract on behalf of the University. Deciding not to do any of these things is also “making a decision.”

2. Participating in a Decision (2 Cal. Code of Regs. §18702.2.)
   • Among other things, participating in a University decision includes giving advice or making recommendations to the decision-maker.

3. Influencing a Decision (2 Cal. Code of Regs. §18702.3.)
   • Among other things, if an employee communicates with anyone within the University for the purpose of influencing a University decision, that employee is attempting to influence a University decision.

If you have one of the financial interests listed above, and you are faced with making, participating in making, or influencing a UC decision that could affect one of those financial interests, you may need to disqualify yourself from making that decision.

If you violate the Political Reform Act, you could personally face civil or criminal penalties.

The Political Reform Act’s disqualification rules are designed to be applied on a decision-by-decision basis. The Office of the General Counsel can advise you with respect to a specific situation.

More Information:

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