Dear Colleagues:

I am formally transmitting the revised Conflict of Commitment and Outside Activities of Faculty Members, Section 025 of the Academic Personnel Manual (APM - 025); new Section 671 (APM - 671), Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants; and revised Section 670 (APM - 670), Health Sciences Compensation Plan (HSCP or the Plan). The policies can be found online at [http://www.ucop.edu/academic-personnel/academic-personnel-policy/policy-issuances-and-guidelines/apm-025-671](http://www.ucop.edu/academic-personnel/academic-personnel-policy/policy-issuances-and-guidelines/apm-025-671).

Each of the policies is issued effective July 1, 2014, with APM - 025 to be implemented immediately. Health Sciences Compensation Plan campuses and schools will have one year, until July 1, 2015, to create new procedures or revise existing procedures to implement APM - 671. Until HSCP campuses and schools fully implement APM - 671, HSCP participants remain subject to APM - 025 and current APM - 670 Appendix B, Guidelines on Outside Professional Activities for Health Sciences Compensation Plan Participants; the latter will be retired effective June 30, 2015, or as soon as all HSCP campuses and schools implement APM - 671, whichever date is earlier.

Proposed new procedures or revisions to existing procedures to implement APM - 671 should be submitted to Janet Lockwood ([Janet.Lockwood@ucop.edu](mailto:Janet.Lockwood@ucop.edu)) for my approval no later than January 31, 2015. Complete implementation should be accomplished no later than July 1, 2015. Campus staff may contact Manager Lockwood at (510) 987-9499 for assistance with questions as they draft their Implementing Procedures.

**Consultation Process**

The systemwide consultation process engaged to develop APM - 025 and APM - 671 consisted of two major reviews conducted over the past 18 months: Management Consultation and Systemwide Review. Reviewers generally conveyed support during the comment periods; several offered recommendations during both reviews, most of which have been incorporated in final language.
Overview

The policies provide guidance to identify and manage outside professional activities in order to avoid conflicts of commitment. Equally important is the acknowledgement that faculty engage in outside professional activities to cultivate scholarly, professional, and creative competence in service of the University’s teaching, research, clinical care, and service mission. The general intent of APM - 025 and APM - 671 is to ensure that when a faculty member participates in activities outside of the University the activities do not interfere with fulfilling the individual’s responsibilities to the University. Outside professional activities that interfere with a faculty member’s professional obligations to the University constitute a conflict of commitment.

Conceptual Foundation for APM - 025 and APM - 671

The current structure--placing policy and guidelines within APM - 025 and APM - 670, Appendix B--is organizationally confusing for faculty and administrators, leading to difficulties interpreting policy principles and compliance requirements, particularly for HSCP participants. To enhance clarity and to foster consistent interpretation, revisions to current APM - 025 and the creation of APM - 671 result in mutually exclusive policies such that HSCP faculty are subject to APM - 671, and all other faculty (including Health Sciences faculty who are not HSCP participants) are subject to APM - 025. Parallel language is used for both policies wherever possible, particularly in these sections: purpose, definitions, responsibility, general principles, and guidelines; this includes the section separating outside professional activities into three categories based on the extent to which they are likely to constitute conflict of commitment (Categories I, II, and III activities). Other sections that use parallel language are those describing time limits; disclosure, prior approval, and reporting requirements; authority; non-compliance; and grievances.

Treatment of Outside Earnings

Central to both policies is the concept that faculty owe their primary professional allegiance to the University in terms of time and effort. However, APM - 025 reduces the emphasis on compensation as an element of policy since there are no restrictions or limits on the type and amount of income that may be earned by general campus faculty, since the amount of compensation is often not known, and since most peer institutions do not require this. The policy is based on the premise that there is no benefit gained by requesting this information or identifying activities based on compensation when there are no limits imposed on the amount of income that may be earned. For HSCP participants, given the operations of the Plan, the University has an interest in being informed about time, effort, and earnings (type, amount, and disposition) and a separate policy is required to provide guidance as to how all earnings are treated under the Plan. As APM - 670 makes clear, the success of the academic and clinical enterprise is dependent on the productivity and revenue generation by Plan participants. The Policy also stipulates special conditions for clinical work, in particular that all clinical income is due the Plan and that in no case will Plan participants be allowed to retain income from patient care (clinical) activities. These principles and practices in APM - 670 carry through into APM - 671.
Current APM - 670, Appendix B provides units with the choice of one or two options for managing outside professional activity income: 1) the University-wide Standard Requirement, allowing Plan participants to retain payments from 21 days of service (other than patient care) per fiscal year for certain types of activities if the service has been approved by the Dean and the Chancellor, or 2) the Alternative Option, allowing Plan participants to retain income from up to 48 days of service per fiscal year to all entities specified in the Standard Requirement, plus income from for-profit consulting and expert witness testimony. Campuses have interpreted these options in different ways, which has led to divergent and conflicting processes, suggesting that current policy structure and language is unclear and confusing.

New APM - 671 allows one method for managing income from outside professional activities, which combines elements of the University-wide Standard Requirement and the Alternative Option. This combined approach includes the following:

1. A minimum 21 days and maximum 48 days annually to engage in outside professional activities, the specific time limit to be specified in campus/school/department Implementing Procedures.
2. A maximum annual outside professional activities earnings threshold of $40,000 or 40 percent of the fiscal year base salary scale (Health Sciences Compensation Plan Salary Scale 0), whichever is greater, a threshold that the Provost may adjust periodically.
3. A pre-approval requirement after either the time or earnings threshold has been reached.
4. The requirement that campus/school/department Implementing Procedures define taxation for the first $40,000 earned as well as subsequent earnings.
5. The requirement that campus/school/department Implementing Procedures clearly define the types of activities for which time limits and income earned count toward the approval threshold.

Consensus and Allowance for Campus Practice

Throughout the consultation process, there was frequently consensus on policy details. At other times, divergent campus practices led to APM policy language that would allow campuses to continue a variety of policy interpretations. One good example of this broad policy language is in the definition of “a day” (see APM - 025-4-e and APM - 671-4-e). Clearly, the definition of a day, on our ten campuses, and in academia more generally, is influenced by many factors including discipline and campus culture. For both APM - 025 and APM - 671, a day is defined using common sense and customary practice. This definition will be refined by campus and/or discipline; each campus is authorized to define a day more specifically according to its own needs.

Another issue on which campuses may refine their use of policy according to campus practice is the maximum earnings threshold for Plan participants in new APM - 671. The new maximum threshold in APM - 671 ($40,000 or 40% of HSCP scale 0) maintains a better level of equity in retention of earnings between the Assistant/Associate ranks versus full Professor rank. This threshold will be re-evaluated periodically, adjusted for inflation in accordance with the California Consumer Price Index, and published along with the Academic Salary Scales.

Frequently Asked Questions (FAQ)

Finally, some reviewers submitted questions and comments that indicated a “Frequently Asked Questions” (FAQ) document would be helpful. The beginnings of an FAQ are enclosed to
respond to those comments and questions. This document will be updated as both policies are implemented and published on the Office of Academic Personnel website at http://www.ucop.edu/academic-personnel/academic-personnel-policy/policy-issuances-and-guidelines/index.html. Suggested additions to the FAQ may be addressed to Janet Lockwood.

I wish to thank all members of the University community for their efforts to revise APM - 025 and to develop APM - 671. Your contributions are deeply appreciated.

Cordially,

Aimée Dorr, Provost
Executive Vice President for Academic Affairs

Attachments:  APM - 025, Conflict of Commitment and Outside Activities of Faculty Members
APM - 670, Health Sciences Compensation Plan
APM - 671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants

cc:  President Napolitano  
Members, President’s Cabinet  
Executive Vice Chancellors/Provosts  
Vice Provosts for Academic Affairs/Academic Personnel  
Associate Vice President Nation  
Health Sciences Deans  
Academic Personnel Directors  
Executive Director Fox  
Executive Director Larsen  
Executive Director Rodrigues  
Executive Director Tanaka  
Executive Director Winnaeker  
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